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ABSTRACT

The process by which institutions and courses are approved for veterans educational benefits is examined in this study mandated by Public Law 95-202. The legislative background of the investigation is described as well as the history of the Servicemen's Readjustment Act of 1944, the Korean Bill of 1952, and P.L. 94-502 of 1976. A summary guide to the existing approval process is presented and the roles of VA headquarters and regional offices are discussed. Problems encountered while striving to control the misuse or abuse of benefits by veterans and institutions are a major focus of the study. The operations of the state approval agencies are detailed. State departments of education were most often designated as the approval agencies for veterans education and by 1978 a total of 80 agencies were responsible for approving all kinds of programs. Other areas that are investigated include: the role of accreditation, approving out-of-state colleges, flight school approvals, and job training programs. The approval systems of the United States Office of Education and the Social Security Administration are also examined. Recent major developments in higher education that Vietnam-era veterans and the VA have encountered are also discussed, focusing on factors that have contributed to a decline in academic standards. Veterans education is also examined from the schools' point of view. Appended are Sections 1775-1779, Title 38, U.S. Code, December 1976, Veterans Benefits; and related litigation. (SF)

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GI COURSE APPROVALS

by

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U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
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PREFACE

In June 1978, the Veterans Administration asked the Academy to conduct the factual and analytic portions of the study, mandated by the G.I. Bill Improvement Act of 1977, of methods of improving the process by which institutions and courses are approved for veterans' educational benefits. The Academy staff and board were glad to do so, because of the importance of the subject and the fact that the Academy had earlier conducted a similar study of the system by which postsecondary schools establish their eligibility for Office of Education student aid programs.

In keeping with normal Academy practice, a committee co-chaired by Academy members Francis Keppel and John Millett was established to advise on the conduct of the study, to discuss and critique draft sections of the report, and to ensure that its methods and conclusions were known to interested groups and constituencies. For this service and other help rendered in the study, we are grateful to the co-chairmen and committee members Dean Aschim, President of the National Association of State Approving Agencies and Supervisor, Veterans Education Unit, Iowa State Department of Public Instruction; Janice Boyd, Director, Proprietary School and Veterans Education Unit, Texas Education Agency; Sharon Coldren, Assistant Director, Economics and Finance Unit, American Council on Education; J. Douglas Conner, Executive Secretary, American Association of Collegiate Registrars and Admissions Officers; Bernard H. Ehrlich, Attorney; Stephen Friedheim, Executive Vice President, Association of Independent Colleges and Schools; William Lawson, Chairman, American Association of Veterans Minority Program Administrators and Director, Office of Veterans Affairs, American Association of Community

and Junior Colleges; Oliver Meadows, National Commander, Disabled American Veterans; Richard Millard, Director, Postsecondary Education Department, Education Commission of the States; Marvin Peterson, Chairman, National Association of Veterans Program Administrators and Assistant Dean, Office of Veterans Affairs, Weber State College, Utah; and Kenneth Young, President, Council on Postsecondary Accreditation.

Academy projects are usually conducted by panels which are responsible for the findings but, at times, as in this case, the panel is advisory. It should therefore be stressed that members of the advisory committee are in no way responsible for the facts, findings, and opinions presented in this report. The same is true of the Veterans Administration, which has cooperated fully in the inquiry while respecting the independence of the staff and their freedom to draw their own conclusions. Accordingly, the findings and opinions presented, and any errors, are solely the responsibility of the study staff.

George H. Esser, President
National Academy of Public Administration

INTRODUCTION

Legislative Background of This Study

This study, required under Public Law 95-202 (November 23, 1977), was undertaken by the National Academy of Public Administration at the request of the Veterans Administration. The pertinent provision of that law--Section 305(b)(2)--reads:

The Administrator of Veterans Affairs, in consultation with appropriate bodies, officials, persons, departments, and agencies, shall conduct a study to investigate (A) specific methods of improving the process by which postsecondary educational institutions and courses at such institutions are and continue to be approved for purposes of chapters 32, 34, 35, and 36 of title 38, United States Code....A report of such study, together with such specific recommendations for administrative or legislative action as the Administrator deems appropriate, shall be submitted to the President and the Congress not later than September 30, 1979....

The study of the course approval process was one of several studies prescribed in P.L. 95-202. All originated in the Senate version of the bill. One close observer of Congressional veterans affairs characterized the studies as "bones thrown to an angry higher education community."

During 1976 and '77 House and Senate hearings into abuses and overpayments of educational benefits, higher education spokesmen repeatedly advised reliance on state approval and regional accrediting agencies as safeguards against institutional abuses. At least some committee members were plainly unconvinced. Representative Margaret Heckler, Republican member from Massachusetts, asked, "Isn't there some question about the credibility of the SAA [state approval agency]?....How can you have reliance on the SAA system when they didn't detect or seek to remedy the problem earlier, which was within their jurisdiction and province?"¹ This scepticism about the efficacy of state approval agencies and a wish to learn more about their activities also led to a requirement in

P.L. 95-202 that the agencies submit an annual report of the number of their approvals, disapprovals, and visits to schools and job establishments.

In a letter responding to Congresswoman Heckler's concerns, John Mallan, Director of Governmental Relations and specialist on veterans affairs at the American Association of State Colleges and Universities, observed that many state approval agencies lacked the staff and training to monitor program quality and that stronger state laws were needed:

...the VA could perform a special service by making a nationwide survey of the strengths and weaknesses of the present accrediting and approving process. Many of the abuses about which we have heard, it can be argued, stem from the degree to which state accrediting agencies in particular (and perhaps other accrediting agencies) actually monitor the quality of programs....It might be well for Congress to ask the VA to make a major national survey of the whole approving process and ways to improve it. Many of the abuses which the VA has tried to get at through 85/15, the two year rule, and other such approaches might be better dealt with through an intelligent review and overhaul of this system, with the aid of outside experts on education and accreditation.²

The House committee did not follow up on this suggestion, but the Senate Committee on Veterans' Affairs was more receptive. Its chief counsel, Jonathan Steinberg, said that such a study would receive serious consideration, and S. 457, the Senate version of the GI Bill Improvement Act of 1977, provided:

The Administrator of Veterans' Affairs in consultation with the Commissioner of Education, Department of Health, Education, and Welfare, the Comptroller General of the United States, the Council on Postsecondary Accreditation, State approving agencies, and other appropriate bodies, officials, and persons, shall conduct a study into specific methods of improving the process by which postsecondary educational institutions and courses at such institutions are and continue to be approved for purposes of chapters 32, 34, 35, and 36 of title 38, United States Code.

The committee report accompanying the Senate bill explained the broad considerations that had led to the foregoing provision:

Regardless of the efforts undertaken by Congress to assure the abuse-free operation of the GI bill program--that is, establishing the SAA framework and enacting abuse control provisions affecting individual institution policy--there is little doubt that the VA must also continue

to rely upon traditional methods for assuring continuing educational quality, such as institutional integrity and private market enforcement through accrediting agencies....

Thus, after reviewing the alternatives currently available--and nobody has seriously recommended sole reliance on State licensing--the Committee mandates the conduct of a study by the Administrator in regard to the specific methods of improving the process by which postsecondary educational institutions and courses at such institutions are and continue to be approved for purposes of title 38. The Committee recognizes that mandating such study calls into question the advisability of the continued imposition of separate VA standards. The committee believes that the study must include examination of all three systems [state licensing, state approval, and private accrediting] currently used by Federal administrators to identify institutions as being eligible for participation in Federal programs in order to find an effective and reasonable way of assuring accountability for the appropriate payment of educational assistance benefits.

The Committee expects that the required study will assess the present and potential roles of the various participants, to determine the strengths and weaknesses of present arrangements, and to recommend any changes deemed appropriate by the Administrator designed to achieve as effectively as possible the goal of assuring that Federal Government expenditures on behalf of veteran students enrolled in training under the GI bill are not spent upon enrollments in "diploma mills", fraudulent operations, or questionable educational enterprises and that the veteran student is participating in a learning experience directed toward a worthwhile educational or vocational goal, in accord with generally accepted educational standards.³

A comparison of the language in the Senate bill and the final law shows that the reference to consultation with designated individuals and groups--"the Commissioner of Education,...the Comptroller General..., the Council on Postsecondary Accreditation, State approving agencies"--was deleted, though the broader reference to "consultation with appropriate bodies, officials, persons, departments, and agencies" was retained. Reportedly, the Commissioner of Education was deleted because of House Committee members' insistence that the GI program remain independent of the proposed Department of Education and any untoward influence by the Office of Education.

A number of commentators have suggested that the study has come too late to be of maximum usefulness. The enrollment of Vietnam era veter-

ans peaked in November 1975⁴ and the GI program is on a downward course with entitlements expected to terminate by 1989; major changes, particularly any changes involving additional costs, are unlikely in such a period; and, even if made, will have less value than they might have had some years earlier.

Contrariwise, it was noted that the state approval system has been retained for Chapter 32, the educational assistance program established in 1976, to which servicemen and the Armed Services make contributions; the delimiting date for all or some Vietnam era veterans may be extended; and a new educational benefits program may well be adopted as an incentive to volunteers or as part of legislation reinstituting the draft.

In any event, a period of relative calm after the storms over overpayments and overregulation is a good time to examine the approval system and see what lessons can be drawn not only for the GI program but for other federal student aid programs. As one Congressman remarked, "The GI Bill has been the largest federal postsecondary educational investment in the history of this country. We are now seeing many of its problems repeated in other programs; it's like reinventing the wheel. The study may be late, but damned if there isn't something we can learn from 38 years of experience."

P.L. 95-202 required the submission of a report of this study "together with such specific recommendations for administrative or legislative action as the Administrator deems appropriate...." When the Academy undertook the study under contract with the Veterans Administration, it was agreed, and subsequently made clear to all interested parties and those from whom we sought information, that we would conduct the analysis and findings of fact, while VA would be responsible for any recommendations that might be based on the study and/or other facts and considera-

tions. Accordingly, though we report recommendations of regional office, state approval, and educational spokesmen, we have sought to limit our own conclusions to factual statements. If at any time we step beyond a strictly factual statement, from "was" or "is" to "should be" (the line between the two is not always sharp and clear), it should be understood that these opinions are not necessarily shared by the Veterans Administration, which is responsible for submitting recommendations on how the approval process should be improved. And we, in turn, do not necessarily agree with VA recommendations, which are unknown to us as this is being written.

Methods Employed

This has been a broad and complex study. One experienced observer of veterans affairs remarked, "I can hardly imagine a more difficult assignment." The study has been conducted under severe time pressure which has prevented us from circulating drafts as widely and making as many revisions and corrections as we would have liked.

At the outset, some state approval agency directors had palpable and understandable reservations about the purpose of the study and the extent to which they should cooperate with it. Should not a study also be conducted of VA regional offices?⁵ (No doubt one should be.) They were skeptical about our independence. If they spoke frankly, would they suffer for it? Was the study simply an excuse for stronger VA control or even a VA takeover of the approval process? Some did not reply to our inquiries or gave brief, formal replies. Similar reservations were expressed by spokesmen for educational institutions and associations, and questions about the desirability of cooperation were raised at a national meeting of accrediting agency staff in February

1979. The most widespread fear was that the report would not be released intact, but selectively to suit VA's purposes.

We assured all persons that individuals, agencies, and schools would be identified only with their permission, or if the information were already a matter of public record, and that the report would be in the public domain and distributed to all members of our advisory committee.

The initial study plan proposed a series of visits to selected states and schools supplemented by letters of inquiry and interviews and discussions with interested parties and with a broadly representative advisory committee. The plan was implemented closely.

Advisory Committee

An advisory committee of thirteen members met three times during the study. The committee was co-chaired by Academy members Francis Keppel, Director of the Program on Education of the Aspen Institute for Humanistic Studies, Senior Lecturer at the Harvard Graduate School of Education, and former U.S. Commissioner of Education; and John D. Millett, Vice President of the Academy for Educational Development and former president of Miami University, Ohio, and Chancellor of the Ohio Board of Regents. The full list of members is given in the preface. Meetings were open and attended by representatives of the Veterans Administration, veterans groups, and other federal agencies including the Office of Education, the Department of Defense, the Social Security Administration, and the Federal Trade Commission. Minutes were distributed to all interested persons. The committee discussed the study plan and objectives, the schools to be visited, and drafts of several chapters, including a preliminary report of the study findings. In the pro-

cess, there were rousing discussions of the goals and effects of the GI program; the philosophy and nature of its administration by the VA; the nature of the course approval process and how (and if) it should be distinguished from the benefit determination process; alternative systems of determining school eligibility for other federal student aid programs and the possibility of closer cooperation among these systems; the role of state authorizing and licensing agencies and private accrediting associations; the meanings of educational quality; the quality of extension programs on military bases; and the current and prospective outlook for postsecondary education. Beyond the contributions which members made in committee meetings and in further discussions with study staff, the committee ensured the study's openness and independence: that its methods and findings would be fully known and available to other federal agencies, veterans groups, state approval agencies, accrediting associations, and the many educational constituencies involved in the GI program.

Field Visits

The study plan had projected visits to VA regional offices, approval agencies, other state educational agencies, and 24 schools in nine states as well as three regional offices of the Office of Education and the Federal Trade Commission and several accrediting agencies. The visits to OE and FTC regional offices were never undertaken but, otherwise, far more visits were conducted than had been contemplated. We added a number of initial exploratory visits, and, as the project staff included, at its peak, six (five part-time) instead of three (full-time) persons, we could conduct a larger number of visits in the available time. Ultimately, schools, state approval agencies, and/or VA regional offices

in the District of Columbia and the following 16 states were visited: California, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington, and Wisconsin. Sixty schools were visited, including 48 which granted degrees and 12 which awarded certificates; 34 public, 12 nonprofit, and 14 for-profit schools; 29 four-year colleges or universities (17 public, 11 nonprofit, and 1 for-profit); 15 two-year public community or junior colleges or vocational schools; 2 hospital, 3 flight, and 3 correspondence schools; 4 institutions with major nontraditional or external degree programs; and 5 extension programs (including 4 on military bases).

At regional offices, we usually met first with the director and then with the educational liaison officer (the principal staff member responsible for relations with state approval agencies and schools), a member of the compliance survey staff responsible for reviewing the adequacy of school records and certifications of veterans; and perhaps the veterans service officer to whom the liaison officer reported, and an adjudicator (who uses the information on approved courses, together with information on each veteran's course load and attendance, to determine the proper monthly benefit payment).

At the state approval agency or agencies (in 1978, 20 states had two agencies and 4 states had three), we met with the director and one or more staff members specializing in particular kinds of approvals such as those of proprietary or flight schools or on-the-job training programs. While visiting the approval agency, it was often convenient to meet also with other state educational officials, perhaps a senior Department of Education official to whom the director reported, the head

of an independent agency which licensed trade schools or private degree-granting institutions, or the head of a board authorizing programs at public community colleges or vocational schools.

Most of the schools visited were in or near the large cities where VA regional offices are located and the smaller towns and cities where approval agencies are located in the state capitals. At proprietary schools, we spoke with the owner and/or whoever was most familiar with veterans and state approval requirements. At colleges and universities, we met with the veterans affairs officer, the registrar, financial aid director, the director of nontraditional or extension programs, and, occasionally (especially when a school had been involved in an altercation with the VA), with a dean, provost, vice-president, or president.

An interview guide was prepared for each type of agency or school, but, because of the varied responsibilities and experience of the persons being interviewed, the range of subjects covered, and the few visits undertaken by each of the six staff members, the resultant interviews were highly varied. In technical terms, they were largely unstructured though all sought to obtain at least summary evaluations of the subject's experience with and opinions of the approval process and suggestions for improving it. In addition, we obtained examples of approval requests and notices, and communications about problems with the approval agency or the VA. Unidentified quotations in this report are drawn from our records of these interviews or from responses to the written inquiries detailed below.

Letters of Inquiry

To broaden the scope of the inquiry and ensure that interested parties whom we could not interview would have an opportunity to report their experience, opinions, and recommendations, a number of

questions were distributed to the following groups with the help of members of our advisory committee and others to whom we are most grateful:

1. Two sets of questions (20 questions, all told) were mailed to the directors of all state approval agencies by Dean Aschim, President of the National Association of State Approving Agencies and a member of our advisory committee. Responses were sent both to Aschim and the Academy. Of the 79 approval agency directors, 60 replied to the first inquiry and 58, to the second. (The response was reduced, in a number of cases, by the fact that the director had already expressed his views in an interview.) These replies are reported in Chapters 6 and 7 on The State Approval Agencies.

2. A set of 15 questions was distributed by the VA Central Office to the directors of the 57 regional offices in the 50 states, the District of Columbia, and Puerto Rico (but not the regional office in the Philippines). Fifty-five directors replied, representing a 100 percent response (the director of the San Francisco office submitted one response consolidating the replies of the San Francisco, Los Angeles, and San Diego offices). As eleven additional replies were submitted by educational liaison officers, a total of 66 replies was received. Responses were sent to the Central Office, which forwarded copies to us. We were impressed with their quality and the fact that liaison officers felt free to disagree with the views of their regional office director. The information and opinion contained in these responses is reported in Chapter 4 on The VA Regional Offices.

3. Two questions were kindly distributed to an unknown number of college and university veterans affairs officers by Marvin Peterson,

Chairman of the National Association of Veterans Program Administrators, and William Lawson, Chairman of the American Association of Veterans Minority Program Administrators, both members of our advisory committee. Of some 90 responses, many were brief "yeses" and "noes" and others, lengthier comments on the adequacy of approved courses for meeting veterans' educational needs and recommendations for improving the approval process. These responses are among the sources drawn upon for Chapter 14, The View from the Schools.

4. A letter discussing the objectives of the study and inviting comments on recent trends in educational standards and how the need to account for veterans benefits could be accommodated to nontraditional educational formats was distributed by Robert F. Sexton of the Society for Field Experience Education to thirteen member institutions and groups of institutions. The half dozen responses were utilized in Chapters 13 and 14.

5. Six questions were sent to the directors of the 64 postsecondary accrediting associations recognized by the U.S. Commissioner of Education; replies were received from 15 regional or national associations accrediting schools or institutions and 28 national associations accrediting specialized programs. The directors were asked to comment on their contacts with state approval agencies and VA regional or national staff; the extent to which the schools or programs accredited by their associations were recognized under Section 1775, Title 38; the degree to which their accreditation addressed the quality of courses or programs; and any changes which they would recommend in the state approval system. Their responses are reported in Chapter 8 on The Role of Accreditation.

6. Five questions were addressed to the higher education executive officers of the 50 states, the District of Columbia, and Puerto Rico. Thirty responses were received which have been utilized especially in the discussion, in Chapter 6, of the organizational location and staffing of state approval agencies.

7. Finally, with the help of Charles Saunders, Vice President of the American Council on Education; Jerold Roschwalb of the National Association of State Universities and Land-Grant Colleges; and William Lawson of the American Association of Community and Junior Colleges, a number of questions were distributed to selected educational institutions whose administrators were especially knowledgeable about VA affairs. The dozen replies received, including long and illuminating accounts of the institutions' experience with state approval agencies and the VA, were most helpful in reporting The View from the Schools.

All respondents to the foregoing inquiries and the more than 200 persons interviewed during the study were promised anonymity. Accordingly, individuals, institutions, and agencies are identified in this report only with their permission or where the source of information is a matter of public record.

Staff Responsibilities

The principal interviews and research for this study were conducted by Joseph Colmen, Martin Corry, Feraby Kennedy, Nora Jean Levin, Harold Orlans, and Janet D. Steiger; research assistance and the analysis of responses to letters of inquiry was provided by Annie B. Dodge, Jinny M. Goldstein, Eleanor C. Hodges, Janet McKee, and Glen D. Skoler; secretarial work was undertaken by Mary Bastian, Anne F. Cunningham, Joyce Dall'Acqua, Rita Doherty, Jeannette Johnson, and Margaret Wilson; Beverly Nadel managed much of the production and proofing, which was

conducted at The Work Place.

Though Jean Levin, Harold Orlans, and Janet Steiger made contributions throughout the report, the persons chiefly responsible for each section are: Chapter 1, Steiger; 2, Levin, Orlans, and Steiger; 3, Corry, Levin, Orlans, and Steiger; 4, Corry, Orlans, and Steiger; 5, 6, 7, and 8, Orlans; 9 and 10, Levin; 11, Levin and Steiger; 12, Levin; 13, Colmen and Orlans; 14, Colmen, Levin, and Steiger; 15, Orlans; Appendix B, Steiger. Harold Orlans was responsible for outlining, directing, and editing the study, and for consolidating the findings. Any errors remaining are the primary responsibility of the author or authors of each chapter.

Harold Orlans

July 10, 1979

Footnotes

1. Veterans' Education and Readjustment Legislation, 1977, Hearings, Committee on Veterans' Affairs, House of Representatives, 95th Congress, 1st Session, March 29, 30; April 19, 20; May 4, 11, and 19, 1977, p. 114.

2. Ibid., p. 183.

3. GI Bill Improvement Act of 1977, Report together with separate views of the Committee on Veterans' Affairs, United States Senate, to accompany S. 457, Senate Report No. 95-468, October 3, 1977, pp. 106-7.

4. Veteran enrollment rises each spring and fall. It peaked at 1.8 million in November 1975, was 935,000 in March 1978, fell to 367,000 that August, and rose again to 800,000 in November 1978.

5. At a September 1978 regional meeting of state approval agencies in Cheyenne, Wyoming, James Beima of the Alaska approval agency submitted a resolution "That the State Approving Agencies jointly authorize a study to be conducted to evaluate the VARO [VA Regional Office] functions as it relates to SAA's."

A NOTE ON LANGUAGE

An effort has been made to write this report in English intelligible to the public and the members of Congress. It has not been easy. The Veterans Administration has a language of its own, often derived from its statutes, which is as incomprehensible to the layman as Arawak was to Columbus when he landed in the Bahamas. Staff of the state approval agencies, school veterans affairs offices, and the veteran affairs committees of the Congress have learned the language, as did our staff, less expertly; but we have tried to translate it into English and the more widely accepted usage of the educational community. Thus, Congress and the VA use "proprietary" to include both nonprofit and for-profit postsecondary institutions and schools; we use it only for for-profit institutions and schools. Instead of "IHL," the Veterans Administration acronym for "institutions of higher learning," we prefer "institutions of higher education," "higher educational institutions," or "colleges and universities"; instead of VA's "BCL" (below college level) or "NCD" (noncollege degree), we generally use "vocational" or, if more pertinent, "proprietary"--that is, for-profit. Instead of "state approving agency," we use "state approval agency" and for "Central Office," either "headquarters" or "Central Office." Our "school" usually refers to vocational schools, and our "institution," to higher educational institutions, but exceptions doubtless occur in this report as in common speech. We say "regional office" or merely "regional" staff and director, and "state approval agency directors," "approval agencies," or even "state agencies," whenever it is clear from the context that "state approval agencies" are being referred to.

Some VA staff who have been remarkably tolerant of our other eccentricities have rebelled at this usage. They would have been happy with

sentences like "VACO asked VARO ELOs to check SAA reports of IHL, BCL, and OJT visits." We are sorry to displease persons with whom we have worked amicably for a year, but we can not oblige them. It is a clash of principle and allegiance, and our allegiance is to the language of English-speaking people. Indeed, to communicate better with them the Veterans Administration might hire some translators.

As the VA language is, nonetheless, ineradicable from this report, a glossary of the most frequent VA and governmental acronyms follows. Except for VA and GI, we have tried to avoid them, but they cannot be removed from quotations.

Glossary

- AICS The Association of Independent Colleges and Schools, which accredits many for-profit and some nonprofit business schools and a number of degree-granting business colleges.
- BAT Bureau of Apprenticeship and Training, U.S. Department of Labor.
- BCL "below college level"--postsecondary programs and schools giving certificates or diplomas for vocational courses usually requiring less than two years (often, one year) of full-time study. The principal BCL programs are those at public vocational schools, technical institutes, and junior colleges, and for-profit schools of cosmetology, business, trade, flight, and correspondence or home study. BCL has generally been replaced by NCD.
- CAC Cosmetology Accrediting Commission, which accredits about 1,000 cosmetology or beauty schools.
- CETA Comprehensive Employment Training Act, administered by the U.S. Department of Labor.
- CO The Central Office of the Veterans Administration.
- COPA The Council on Postsecondary Accreditation, a private organization representing associations accrediting postsecondary schools, institutions, and programs. It reviews and lists accrediting associations meeting its standards and publishes a directory of accredited schools and programs.
- DEAE The Division of Eligibility and Agency Evaluation, the unit of the U.S. Office of Education responsible for monitoring accrediting associations and advising the Commissioner of Education on those whose accrediting he should list or recognize for use by state agencies approving courses for veterans and by the Office

of Education and other federal agencies in determining the eligibility of schools for federal student aid programs.

- DOL U.S. Department of Labor.
- DVB Department of Veterans Benefits, Veterans Administration.
- ECS Education Commission of the States, a Denver-based organization representing the interests of state governments in elementary, secondary, and postsecondary education.
- ELO Educational Liaison Officer, the principal VA regional official responsible for relations with state approval agencies and schools.
- ERS The Education and Rehabilitation Service, a component of the Veterans Administration Department of Veterans Benefits.
- FAA Federal Aviation Administration, U.S. Department of Transportation. Formerly, the independent Federal Aviation Agency.
- FTC The Federal Trade Commission.
- GADO General Aviation District Office, a regional office of the Federal Aviation Administration.
- GAO The U.S. General Accounting Office, the auditing and investigatory arm of the Congress.
- GI "Government Issue" or the general issue of a military supply station--a member or former member of the armed forces, especially the Army.
- GS General Schedule, as in GS-11, the 11th grade or level in a state or federal civil service pay structure which may run from GS-1 to GS-18.
- HEW U.S. Department of Health, Education, and Welfare.
- IHL "Institution of higher learning"--an institution which awards an associate, bachelor, or higher degree for the requisite amount of credit, usually requiring two or more years of study after graduation from high-school. In the VA lexicon, IHL includes hospital schools as well as junior colleges, colleges, universities, and independent degree-granting professional schools. An IHL, such as a junior college or state college, may offer BCL--below college level--vocational courses for which a certificate, rather than a degree, is awarded.
- NASAA National Association of State Approving Agencies.

- NCD "Noncollege degree"--postsecondary programs and schools which offer certificates or diplomas for vocational courses. NCD programs may be offered by junior colleges and other degree-granting institutions as well as by independent public or proprietary vocational schools.
- NHSC National Home Study Council, which accredits many for-profit and some nonprofit correspondence schools and programs.
- OE U.S. Office of Education, Department of Health, Education, and Welfare.
- OJT "On-the-job training"--training while working in a private business, firm, trade, occupation, or craft or public service (like a police or fire department). The occupation may or may not be apprenticeable.
- OMB Office of Management and Budget (formerly, the Bureau of the Budget), Executive Office of the President.
- P.L. Public Law, as in P.L. 94-502, the 502nd law enacted by the 94th Congress.
- RO Regional office, one of 58 regional offices or field stations of the Veterans Administration.
- SAA State approving or approval agency, one of some 80 agencies designated by the state governor or state law to approve courses, schools, and job establishments for veterans education and training.
- SAC State Apprenticeship Council.
- SSA Social Security Administration, U.S. Department of Health, Education, and Welfare.
- U.S.C. United States Code, the codified body of federal law.
- VA The Veterans Administration.
- VACO Veterans Administration Central Office.
- VAR Veterans Administration regulation.
- VARO Veterans Administration regional office.

CHRONOLOGY OF GI LEGISLATION CITED

P.L. 78-346	1944
P.L. 79-258	1945
P.L. 79-679	1946
P.L. 80-377	1947
P.L. 81-610	1950
P.L. 82-550	1952
P.L. 89-358	1966
P.L. 91-219	1970
P.L. 92-540	1972
P.L. 94-502	1976
P.L. 95-202	1977

FINDINGS

This study has three main and many subsidiary findings.

Main Findings

1. Almost four-fifths of the staff time of state approval agencies was devoted to vocational schools and job establishments where only a fourth of veterans trained (Table 1). Proportionately more time should be allocated to higher educational institutions, where three-quarters of veterans are enrolled; more approval agencies should be located in higher education departments or postsecondary education commissions rather than in departments of education; and more approval staff should be fully qualified to work with colleges and universities.

2. The statutory criteria for approving courses should be changed and simplified. VA and state approval staff are now so overburdened that they cannot effectively implement all provisions of the statute, regulations, and contract. Some criteria are patently impossible to administer, even with vastly increased resources. Though many GI program abuses have occurred at accredited institutions, their approval is largely pro-forma, under the simpler provisions of Section 1775, Title 38. The alternative provisions of Section 1776 are designed for vocational schools, not colleges and are so laborious as to be impracticable for both approval agencies and academic institutions. New and simpler criteria are needed which can be administered with available resources.

Separate criteria will be needed for vocational schools and degree-granting institutions, but there is much to be said for applying the same, simplified criteria to both accredited and unaccredited schools and institutions.

3. The Senate Veterans' Affairs Committee recognized that mandating

Table 1

Distribution of Approved Facilities, Approval Staff Time,
and Number of Veteran Trainees, by Type of Facility

Type of Facility	Percent of		
	Approved facilities ^a	Approval agency staff ^b time	Veteran trainees ^c
Degree-granting institution	14	21	76
Non-degree granting vocational school	17	34	18
Job establishment	69	45	6
Total (percent)	100	100	100
Number	32,821	-	912,124

a. With veteran enrollees, November 1978.

b. The average of responses by 21 approval agency heads responsible for approvals at all three types of facilities to the following question put to them in November 1978: "About what proportion of your agency's total staff time is devoted to approval and supervisory work with IHL's [institutions of higher learning], BCL's [schools below college level], and OJT-apprenticeship programs?"

c. April 1978.

a study of methods of improving the approval process "calls into question the advisability of the continued imposition of separate VA standards." It required an "examination of all three systems"--state licensing, state approval, and private accreditation--"to find an effective and reasonable way of assuring accountability for the appropriate payment of educational assistance benefits."¹

a. State licensing of proprietary schools is more widespread than of private colleges. In states which exempt accredited schools and/or colleges from licensure, to rely on licensure is to rely on institutional accreditation. And institutional accreditation is not a reliable assurance of administrative competence or program quality. Public institutions, which enrolled a large majority of veterans attending degree-granting institutions, are not licensed. And licensing has limitations similar to those of other government regulation.

b. The Office of Education, which for many years relied on accreditation to determine institutional eligibility for its student aid programs, has established independent criteria for the direct staff certification of institutions and a program of inspections somewhat like VA compliance surveys. HEW Secretary Califano has recommended that direct certification and state licensure completely replace reliance on accreditation.²

c. So long as GI benefits are tied to the pursuit of a designated vocational or educational objective, some system of course or program approval will be necessary. A system of school or institutional approval (such as that of the 1944 GI Bill or current OE programs) can be employed only if GI benefits are broadened to become a general educational entitlement. However, closer collaboration between the GI and OE approval,

inspection, and information systems is desirable (and will be discussed subsequently).

Subsidiary Findings

A Program Approval System

4. The basic unit of approval or eligibility for veterans educational benefits is not a "course" but a course of study or program of study, a coherent set of classes and studies which, pursued for a given period of time, yield a vocational certificate or an academic or professional degree. In a correspondence or vocational school, a "course" and "course of study" can be identical, but this is seldom true at higher educational institutions, where state agencies approve degree programs; however, they may single out and separately identify individual courses--independent study, cooperative education, and work study courses--for which benefits may be paid at a lesser rate. The use of the same word, "course," in both statutes and regulations, for a program and an individual course is confusing and should be clarified.³

5. P.L. 346 (1944) referred to "the selection of qualified schools" (our emphasis). P.L. 550 (1952) made the statutory change from the original school approval system to the present system of program approvals. One commentator noted that "the standards for approving unaccredited courses are detailed, explicit, and severe. The regulations in Public Law 550 seem to represent the strongest educational provisions ever developed at the federal level."⁴

6. The purpose of these stringent and detailed approval standards was to bar avocational and dubious offerings, and restrict the veteran to a prescribed educational, vocational, or professional objective or "pursuit." Only one change of objective was permitted without special dispensation and a course of continuing education which refreshed, but

did not establish, professional competence was not approvable.

The Approval-Benefit Linkage

7. To tie monthly benefit payments (calculated by a federal agency) to the pursuit of a designated course of study at a given facility (both of which have to be approved by a state agency) necessitates an approval system notably more complex and detailed than the system of broad institutional and school eligibility employed in the student financial aid programs of the U.S. Office of Education and the Social Security Administration.

8. As the number of veteran beneficiaries declines, the number of approvals (especially of job training establishments) will also decline, albeit at a slower rate, and one might expect the system of state approval agencies to be gradually phased out when veterans educational benefits terminate on December 31, 1989. That date may be extended; benefits will continue for eligible dependents and for participants in the matching, voluntary educational assistance program of Chapter 32, if it is continued beyond December 31, 1981; and a new benefits program may be enacted should the draft be reinstituted. However, the roughly \$30 million annual cost of the current approval system, only 1 percent of the \$3 billion in educational benefits awarded to 1.5 million beneficiaries in 1978, could become disproportionately expensive for, let us say, \$200 million benefits to 100,000 beneficiaries.

9. A benefit which is not tied to specific programs of study or which permits educational institutions to designate these programs, does not require separate program approval. In fact, most current program approvals at colleges and universities are paper approvals, which accept institutional program designations (the title, length, and content of a course of study), refer to the appropriate pages in the

catalog, and single out certain courses for which lesser benefit rates may apply, for the attention of VA regional office staff. State approval agencies do not, and cannot with their present resources, base their college course approvals upon substantive on-site inquiries and inspections. However, they also rely on, accept, and transmit the results of the processes by which the funding of new programs at public institutions is authorized by state boards and programs at private institutions are licensed by state authorities.

10. In theory, the process of approving courses can be separated from that of awarding benefits; the former is a state and the latter, a federal function; and many courses and schools are approved although no veterans enroll in them. All of a school's programs are normally approved, although veterans may not enroll in all, because it is more convenient for a school to request, and the state agency to grant, comprehensive approvals, which obviate the need for additional approvals every time a veteran enrolls in another program.

11. In practice, the course approval system exists as a statutory condition of and precursor to educational benefit payments. The function of many approval criteria is to enable VA to make correct benefit determinations and to change or terminate benefits as a veteran changes or terminates his studies. An approval without benefit payments is an empty glass; to be meaningful, it must be filled with money. Recognizing this, a number of VA regional offices ask state agencies not to send their approval notice to a school until it has been reviewed by them and accepted as accurate and complete; otherwise, the school may certify enrollments and veterans will expect their checks before the VA has concurred in the approval and authorized benefit payments. In serious cases, the VA may stop all benefit payments even though a school's

courses remain approved.

The Quality of Approved Courses

12. For several reasons, the approval of courses of study at public, and especially at proprietary, vocational schools can be more detailed and meaningful. Approval agency staff often pioneered this type of approval and state licensing laws were often modelled on the VA approval criteria; unlike universities, with a prodigious number of programs and branches, it is feasible to inspect small proprietary schools and make substantive judgments about their programs; and, unlike colleges and universities, these schools are inured to state inspections. As higher educational programs at military bases stand out in ready relief and require approval from the base commander as well as the state agency (if students are to receive GI benefits), they may also be subject to closer scrutiny than campus programs.

13. Most school inspections and course approvals are administrative rather than qualitative: that is, schools and programs are examined (on site or, more often, on paper) to see if they conform to criteria that enumerate more or less objectively administrable and ascertainable provisions of operation, scheduling, advertising, tuition and refunds, record-keeping, attendance, progress, grading, credit, graduation, and placement. Some provisions--such as the comparability of course length and quality with "accepted standards," adequate space and equipment, and an adequate number of qualified staff--may be related to educational quality; but little independent judgment of program quality is made, except in occasional vocational programs.

14. The state approval system was designed in part to ensure the seriousness and quality of schools and programs and to serve as a barrier or buffer to direct federal approvals. However, it has been so

heavily burdened with criteria serving to protect the interests of veterans and the government that little attention is given to quality judgments. In any event, such judgments are difficult and delicate, especially for government staff (federal or state); and veterans seeking an income supplement via easy courses at schools seeking any students can frustrate the goal of confining veterans to serious programs.

15. The method of calculating an approval agency's budget reinforces this emphasis on administrative criteria. Agencies are reimbursed in accordance with the number of schools and establishments with veteran beneficiaries which they approve and visit; hence, to maintain their revenue and the largest freedom of choice for veterans, they must approve as many schools and courses as possible. At present, some state agencies would be penalized financially for withdrawing many approvals. A different system of contract payments could offer a positive inducement to reduce, or be neutral with respect to changes in, the number of facilities approved.

The Use of Accreditation

16. P.L. 550 (1952) required the U.S. Commissioner of Education to "publish a list of nationally recognized accrediting agencies...which he determines to be reliable authority on the quality of training offered by an educational institution...." Courses offered in schools or programs accredited by listed agencies may, at the discretion of each approval agency, be approved under Sec. 1775, Title 38, a simpler and less onerous process than that of Sec. 1776 under which a school must meet a long battery of approval criteria. The fact that most degree-granting institutions are regionally accredited and that their courses are approved under the simpler provisions of Sec. 1775 does much to account for the low proportion of approval staff time devoted

to college course approvals.

17. Sec. 1775 states that approval agencies may utilize the accreditation of an association listed by the Commissioner "for approval of the courses specifically accredited...by such accrediting association...." It can be said that courses of study are "specifically accredited" by the national associations accrediting professional and specialized programs, and by those accrediting most proprietary and correspondence schools, which are small enough so that accreditation teams usually examine, and accreditation can meaningfully apply to, both the school and its designated programs. But the statement is a contradiction in terms for regional associations which accredit universities and colleges as whole institutions and explicitly refuse to accredit specific degree programs. If regional accreditation attested to the quality of individual programs, there would be no need for professional accreditation. This passage of Sec. 1775 requires revision and clarification.

18. VA and the state approval agencies construe courses at regionally accredited institutions to be "specifically accredited." While that is wrong, it reflects the intent of the law and the practical and political realities of course approvals. To reject regional accreditation as the basis of course approvals under Sec. 1775 would place a vast new burden on approval agencies and would engender a head-on conflict with higher educational institutions at a time when their relations with the VA are improving. Approval agencies are more inclined to reject, for Sec. 1775 purposes, proprietary school courses explicitly accredited by a listed agency and to disregard the presence of professional program accreditation at regionally accredited institutions.

19. The approval system faces a dilemma. On the one hand, the inability of regional accreditation to vouchsafe the quality of individual programs or the administrative probity and competence of individual institutions has been repeatedly attested in Congressional hearings and common experience. The inability of regionals to attest to the quality of extension courses on and off military bases has hurt their standing with state governments and, what can be more damaging, with their member institutions. On the other hand, this is a poor time in which to make a major change in the reliance of course approvals on regional accreditation. Accordingly, Congress and the VA have made minor changes, which required courses approved under Sec. 1775 to meet a number of additional criteria.

School Compliance and Complaints

20. "Quality" is an elusive matter about which educators can strongly disagree. It is not ensured by detailed administrative criteria (whatever else these may ensure). Some schools we visited which, in the judgment of local observers, offered programs of questionable quality, complied meticulously with VA regulations: they were well informed about them, scheduled classes for the precise hours needed to provide veterans with maximum benefits, and offered no criticism of the VA. In one case, veterans received full-time benefits for the appointed number of evening class hours while working full-time during the day. As the enrollment of veterans and servicemen is indispensable to extension programs on military bases (whose quality Stephen Bailey has severely criticized in a recent report),⁵ they comply willingly with VA regulations. The same was apparently true at most proprietary schools we visited.

21. The large universities we visited appeared to handle VA paperwork efficiently and with few problems. Taking attendance (one of several methods of determining a veteran's termination or change of course load) is one: tradition is against it; faculty are against it; and it is impossible in large lecture classes. But university administrators worked diligently to comply with VA regulations and had excellent relations with VA and state agency staff.

22. The principal problems we noted arose at junior colleges and four-year state colleges. In part, these involved difficulties in accurately and promptly certifying veterans' termination, "pursuit," or weekly contact hours with faculty: that is, they were problems of certification for benefits; and in part, they involved disagreements about the identification and approval of courses as certificate or degree programs, and as one or another kind of nontraditional study. Flight schools have special problems arising from the extraordinarily detailed records required by several agencies, and from the frequent changes in their short but expensive courses, which require new approvals.

23. Most colleges and vocational schools have few or no complaints at the present approval system. Their complaints are directed at VA benefit restrictions and record-keeping requirements (many of which are also approval criteria).

24. Veterans are counselled to take programs and classes that meet in a standard classroom format to ensure maximum uninterrupted benefits, rather than nontraditional study arrangements in which their benefits may be reduced or interrupted. This is true even if local educators agree that the latter provide a superior education. Therefore, current regulations serve to narrow veterans' freedom of educational choice.

To broaden that choice, the same benefit rate would have to apply to traditional and nontraditional courses.

25. Approval has been withdrawn from many vocational courses which could not establish that 50 percent of their graduates obtained employment in a field related to their training. A larger number of proprietary schools have withdrawn from the GI program because they did not wish to undertake the employment survey. Some have few veteran students and the paperwork involved did not seem worth it. One public vocational school we visited requested the state agency to withdraw approval for a flight course, to escape the onerous paperwork. As the number of veteran students declines, additional schools will probably withdraw from the program unless its record-keeping and reporting requirements are eased.

26. Despite the abuses, overpayments, lax standards, and record-keeping deficiencies at two- and four-year institutions documented in Congressional hearings, GAO investigations, and VA compliance surveys, approvals have been withdrawn from very few colleges or universities.

Job Training Programs

27. The approval costs of on-the-job and apprenticeship training programs were high: some 43 percent of approval agency 1978 budgets, though only 93,600 or 6 percent of veteran trainees were enrolled in these programs.

28. VA has insisted that state approval agencies approve apprenticeship training programs not registered by the Department of Labor (often, these are non-union programs), if they meet DOL standards. Approval agencies in states with Joint Apprenticeship Councils have been reluctant to do so, believing that such programs offer inferior training and career prospects.

29. VA maintains that worthwhile on-the-job training below the journeyman level can be given in apprenticeable occupations. The Department of Labor and approval agency staff in apprenticeship council states disagree.

Approval Information and Criteria

30. There is no agreement on the content of a model approval notice, nor even on the term for which approval is given. Normally, a course approval is permanent in principle, unless something changes--the title, length, or tuition--when a new approval should be requested. In practice, approvals are geared to the interval between catalogs. If a school issues a catalog every two years, its approval is normally renewed for two years; if every year, annually. VA, state agencies, and the schools should seek agreement on the necessary and optional elements of a satisfactory approval notice or, at least, of alternative notices.

31. The information on an approval application and notice reflects the approval criteria enunciated in the statute, regulations, and the VA-approval agency contract. On many grounds, it appears desirable that these criteria be reexamined and that new, more appropriate, and simpler criteria be prepared. A new set of criteria is particularly needed for the approval of higher educational institutions as "non-accredited," since many of the criteria enumerated in Section 1776 were designed for vocational schools and are inapplicable to colleges.

32. Some VA staff would like to make the approval notice and attachments more complete and detailed, so much so that it could become excessively burdensome to the state agencies and the schools. However, if the approval contains all the information that adjudicators ever need,

it will include much that they seldom use; an occasional telephone call can obviate much tedious paperwork.

33. When an approval is accepted by VA regional education staff, the key information on it is transcribed on an internal form, which is reproduced and distributed to the many adjudicators who utilize it to determine the proper amount of a veteran's benefit. Adjudicators change, deal with noneducational as well as educational benefits, and are not as familiar with approved programs as the educational staff. They may find the form missing a piece of information, may misinterpret or misplace it, or utilize a dated approval (not difficult, since new and revised approvals issue in profusion and, in many offices, each adjudicator maintains his own looseleaf collection). This arrangement generates masses of paper and avoidable confusion and error. At least two regional offices have designated a few adjudication staff as approval specialists. They take off the approval forms the benefit information needed by adjudicators; rapidly become knowledgeable about approvals; and only one or two sets of approval forms need be maintained. The arrangement is simple and effective and should be more widely adopted.

VA Regional Offices

34. A clearer allocation of responsibilities is needed between VA regional and state approval staff. At present, there can be considerable duplication, especially between VA compliance surveys and state supervisory visits to the same schools, and in the review of approvals and of graduate employment surveys.

35. Many compliance surveys appear needlessly lengthy; several staff spend several days examining hundreds of veteran student folders, when a smaller sample should normally suffice to determine the degree of institutional compliance with record-keeping requirements. VA Central

Office staff deny this, stating that the education manual requires a small sample except for problem schools and that the average number of cases examined in fiscal year 1979 through May 1979 was 10.9. But averages can be deceiving, since the average number of veterans at several thousand proprietary schools must have been under 11. Judging by information given us in our school interviews, we persist in the opinion that many compliance surveys are needlessly long and that compliance staff time can be allocated more effectively.

36. The staffing of some VA regional offices and state approval agencies appears quite inadequate for them properly to discharge their responsibilities. Either the number of staff should be increased or their functions should be reduced; both kinds of adjustments are indicated.

Staff Qualifications

37. It is perilous but important to assess the professional competence of VA and state educational staff (while recognizing that there are legitimate disagreements about what should be the qualifications of an ideal staff and what can reasonably be expected of civil servants). Ideally, VA and state staff should be diligent about clerical details as well as knowledgeable about larger educational issues. Clerical work should be handled by clerks (both in the government and educational institutions) and significant educational issues, by staff with a broader outlook and good judgment, who know what is petty and significant. State agency directors were, on average, older, more experienced, and had higher salaries than regional educational officers; those who have held their posts since the first GI Bill have begun to retire. They are, we believe (they do not necessarily agree), most familiar with vocational schools and job establishments and may be less assured in their dealings

with major universities and colleges. In contrast, several younger directors of approval agencies located in higher education departments or commissions impressed us with their knowledge and sophistication in dealing with higher educational institutions. Such competence is needed in more approval agencies and more agencies should be located in state higher education rather than education departments.

38. Regional educational liaison officers believe they are too lowly graded--the usual grade is GS 11. They may be placed at too low a level in the office hierarchy, and may have difficulty communicating directly with Central Office staff. These reasons contribute to a considerable turnover in educational officers.

39. State agency directors admit in private that a few of their colleagues are not up to their job; some VA staff say, more than a few. In some cases, the post is political and changes with each governor, but most positions are in the civil service or subject to appointment in which competence is a factor.

40. How can the competence of state staff be improved? One agency head suggested a process akin to a Senate reprimand, whereby a panel of agency heads would sit in judgment on one of their number charged with incompetence. Another method, which state officials will not like, would be to require the submission of information on the qualifications of staff and consultants as part of the annual contract negotiation. Over a period of time, these negotiations could be employed to effect improvements in the composition of staff.

41. Likewise, the qualifications of educational staff in the regional and central offices could be reviewed by a neutral body drawn, perhaps, from the federal Office of Personnel Management and/or the

Administrator's Education and Rehabilitation Advisory Committee; to ensure equity and even-handedness, state agency representatives should be included. Current civil service rules require VA staff to be administrators, not educators; but for senior positions, at least, surely both qualifications are desirable.

42. "Training" is fashionable and can be useful, especially the kind received in an equal exchange in which VA, state, and school officials meet together and try to understand each other. Training can also be useful to VA headquarters staff, who need to listen and learn before they can address adequately the problems experienced in the field. To be sure, training, in the narrow sense of explaining regulations, procedures, and objectives, is needed. But mutual education, and a common search for the sensible resolution of common problems, is more important. Travel restrictions can interfere with state officials' participation in regional training sessions unless the approval agency contract permits the use of contract funds for this purpose.

State Approval Agencies

43. Approval agencies are concentrated in K-through 12 departments of education, reflecting their designation at a period when most veterans attended vocational schools and few states had established boards or commissions with comprehensive planning, licensing, or authorizing functions over higher educational institutions. This location weakens their competence and standing to approve college and university courses. However, their location under boards responsible for authorizing programs at public institutions puts them in a conflict of interest situation--which they are often in, regardless of their location, because it is difficult for one state agency to flout the interests of another

and more powerful agency. Some contend that VA course approvals are best assigned to an independent agency with no other function; others, that one agency should be responsible for eligibility determinations for all federal student aid programs (an alternative strongly opposed by educational institutions and accrediting associations). Given the diversity of state governments, their aversion to uniform organizational formats imposed by the federal government, and the certainty that diverse state educational interests will produce different outcomes even in a nominally uniform format, it seems futile to press for a single organizational location. Nonetheless, the frequent weakness of approval agency staffs in the higher educational arena should be recognized and addressed.

44. State agency directors complain tiresomely about VA encroachment on "states' rights." The complaints are tiresome not because they are wrong--they may well be right--but because they are futile and misdirected. "Rights" are maintained not by immutable principle but by mutable politics. Money is power and if a state (or private) agency does not want to be beholden to a federal agency, it should not take its money. In fact, several states (such as Delaware until 1979 and New York until 1970) have conducted approvals as a public service, without a contract or reimbursement of their expenses by the VA.

45. The complaints to the Congress about VA encroachment are misdirected because the VA is dutifully implementing Congressional directives. Doubtless, VA should consult state (as well as regional and institutional) officials more often and the National Association of State Approving Agencies might be represented on the Administrator's Advisory Committee and other VA councils. But NASAA is deeply divided

between those who would fight and cooperate with the VA, and many other factions (the North and South, pro- and anti-union, education and training, old and young); and many agency heads are politically naive and poorly informed about educational and political affairs. Were VA disposed to listen, NASAA would speak with one voice on few issues.

Regulations

46. There is widespread agreement that, following the overpayments crisis of 1975 and '76 and the tightened provisions of 1976 and 1977 statutes, a regulatory crisis ensued. There were simply too many VA regulations, they changed too often, and were difficult or, in some cases, impossible to understand or to implement. There is also widespread agreement that:

a. Regulations should be simplified and consolidated in a convenient manual for ready reference.

b. Regulations should be prepared after adequate consultation with regional, state, and institutional staff, and the staff of national educational associations, to ensure that they are comprehensible and practicable. The formal opportunity to comment on proposed regulations published in the Federal Register does not suffice for adequate consultation, which should be informal and begun before VA has taken a fixed position.

c. VA headquarters and regional offices have a certain military flavor: and generals do not usually consult their troops before issuing orders. It may be difficult but would be desirable for the VA to develop a more civilian operating style in which information and communications from the field provide the basis for formulating new policies and regulations.

d. In many states, regional and state staff meet regularly with institutional representatives to discuss and resolve common problems. The practice (required by the VA Education Procedures Manual) is of varied effectiveness. The reasons for that should be studied, since they can be instructive in improving VA's relations with the educational community.

47. The marked variability in regional office and state agency practice, a characteristic feature of most dispersed field operations, evokes two responses: that diversity should be preserved and that uniformity should be imposed. The most reasonable and practicable course is for the VA to enunciate broad policies and standards, and for the states and regions to enjoy considerable flexibility in implementing them.

48. To improve the approval process, VA regional directors and educational officers would like to have greater control of the state approval agencies; approval agency directors would like greater independence; institutions would like all courses, traditional and non-traditional, to be accorded the same benefit rates and all students, veterans and nonveterans, to be subject to the same educational policies. All parties agreed that VA regulations should be clarified, simplified, and codified; and that regulations and other VA policies should be developed after fuller consultation with the field.

VA and the Office of Education

49. The number of veteran beneficiaries is declining and educational benefits are scheduled to expire in 1989 (except for dependents and post-Vietnam era Chapter 32 trainees), whereas Office of Education student aid expenditures remain high and may be expanded. Hence, the

power of the VA and its influence over educational institutions--its ability to induce them to comply with its regulations--will decline, while that of OE is likely to rise and may be enhanced by the formation of a Department of Education. Under these circumstances, efforts are warranted to achieve greater cooperation and comparability between the VA and OE systems of institutional information and eligibility--not to mention the significant educational and regulatory functions of the Social Security Administration, the Public Health Service, National Science Foundation, Department of Defense, Federal Trade Commission, Department of Labor, Immigration and Naturalization Service, and the U.S. Postal Service.⁶

50. This cooperation may usefully start with elementary but indispensable information services. VA and state staff, educators and students would benefit from full and timely distribution by OE of detailed information on the status of recognized accrediting agencies--not merely their names, but the specific criteria for recognition which they do and do not meet. This would help state approval agencies to assess their reliability and, hence, whether their accreditation should suffice for approval under Sec. 1775. The information is provided in the annual report of the OE Division of Eligibility and Agency Evaluation.

51. During much of the decade, conferences of state and federal educational officials and accrediting staff have repeatedly agreed on the desirability of an information network on the licensing, accrediting, eligibility, and approval status of postsecondary schools; but little has been done to establish one. By amalgamating their current lists of eligible schools and programs, VA and OE could maintain and publish a valuable, current directory of vocational and degree-granting

institutions (including hospital, professional, and religious institutions excluded from the National Center for Education Statistics' Education Directory). Information could be exchanged on schools whose license, approval, benefits, or accreditation have been withdrawn or suspended, so that other agencies are alerted and can consider if any change in a school's status in their program is warranted. However, the effort to include too much information has frustrated many information systems and it is better to start with a thin body of information and later fatten it than not to start at all.

52. Joint VA and OE planning could enable both to make fuller use of their institutional inspection staffs and findings. Perhaps each agency could assume responsibility for auditing all student records at designated institutions.

53. The VA, now often criticized by the educational community, for many years provided more funds for vocational and higher education than the Office of Education. By its contracts with approval agencies, VA also did much to strengthen state approval and licensing agencies. To mix VA and OE policy, organization, and experience is like mixing vinegar and water. Yet the effort is worth making to preserve what is best in both approval systems--the VA's clear sense of educational standards and principles and its ability to act; and OE's tolerance of diversity and sensitivity to academe. Out of that effort there just might come a real "triad" of state, federal, and private regulation: not an idea whose time has not come, but a practical system with administrable standards.

Footnotes

1. GI Bill Improvement Act of 1977 Report together with separate views of the Committee on Veterans' Affairs, U.S. Senate, to accompany S. 457, October 3, 1977, pp. 106-7.

2. HEW Secretary Califano, July 19, 1979 statement to the Subcommittee on Postsecondary Education, House Committee on Education and Labor.

3. "...the VA laws and regulations have gradually blurred the concept of 'program of education,' which has a statutory base, with references to courses which sometimes mean mere unit subjects, at other times mean the particular course load of a veteran during a semester, and still other times mean the veteran's entire educational program. Use of the term 'course' should be clarified in both the law and regulations" (Charles B. Saunders, Jr., Vice President for Governmental Relations, American Council on Education, Memorandum to Administrator's Education and Rehabilitation Advisory Committee, March 6, 1979).

4. Robert H. Reid, American Degree Mills, American Council on Education, Washington, D.C., 1959, p. 37.

5. Stephen K. Bailey, Academic Quality Control: The Case of College Programs on Military Bases, American Association for Higher Education, Washington, D.C. 1979.

6. Cf. the following motion introduced by Charles Saunders and adopted by the Administrator's Education and Rehabilitation Advisory Committee on March 29, 1979: "to urge the Administrator to take all possible steps to improve the coordination and consolidation of approval and regulatory efforts between the VA and Office of Education and other agencies."

1. HISTORY

The First GI Bill, 1944

The original GI Bill of Rights (The Servicemen's Readjustment Act of 1944) was born amidst memories of the great depression and the dissatisfied veterans of World War I. By 1919, four million servicemen had been demobilized with \$60 separation pay, a railroad ticket home, and, all too often, no job. "The erstwhile hero of Chateau Thierry and the Argonne wandered up and down the highways and byways of the country looking for a job he couldn't find."¹

VA Administrator Frank T. Hines forecast a grave crisis after World War II.

After the victory over Japan, we shall be faced with the most drastic disappearance of markets in all recorded history. Federal expenditures will drop ultimately from \$90 billion to approximately \$25 billion a year. During this period millions of servicemen will have returned from overseas. Millions of war workers will be looking for new peacetime jobs. The combination of the disappearance of markets and the influx of perhaps 9 million veterans looking for jobs and perhaps one-third of our working population changing from wartime jobs to peacetime jobs will create a situation such as this country has never faced before.²

Returning soldiers were "a monstrous time bomb which could split the nation in two."³ Adequate readjustment legislation was necessary to defuse the bomb.

Income support and health care for disabled veterans date back to the Revolutionary War. Civil War veterans received land grants and World War I veterans, as noted, a bonus. But education benefits had been awarded only to the disabled for rehabilitation training.

However, a precedent did exist for education and training as a readjustment device. After World War I, the Army had undertaken a massive short-course education program in Europe for troops awaiting

demobilization. Some 1,670,000 service personnel participated in lectures, courses, and academic and vocational training.⁴ President Franklin Roosevelt turned to that precedent in announcing, in November 1942, the formation of the Armed Forces Committee on Post-War Educational Opportunities for Service Personnel, known as the Osborn Committee after its chairman, Brigadier General Frederick H. Osborn.

The Osborn Committee Report

The Committee's report submitted to the President on July 30, 1943,⁵ was elitist by current standards. It proposed that each veteran's intelligence, aptitude, skill, interest, prior education, training, and experience be evaluated to establish that he was qualified for the educational program he wished to pursue, and that the program serve a recognized national need. Training was limited to one year except for those of "exceptional ability" who might continue for another three years. Strong state agencies would select eligible institutions and assist them in developing programs for veterans. The agencies would also advise veterans about the programs which suited their interests and abilities and met national manpower needs.

In addition, the Office of Education would provide information on the educational needs of veterans and the programs available to meet them; assist the states in developing necessary programs; and issue standards and procedures to guide the states in determining institutional eligibility.

Public Law 346, 1944

The committee's recommendations proved far too restrictive for a pro-veteran Congress. In its final form, the GI Bill, P.L. 346, approved on June 22, 1944, included a vastly liberalized system of

unemployment allowances; reemployment rights and job placement assistance; mustering-out pay and guaranteed loans for homes, farms, and business; as well as educational benefits. Eligibility for education and training was extended to all veterans under 26 upon entry into the service, on the presumption that they had suffered delay or interruption of education or training.

Training could extend for 48 months, and all suggestions for testing aptitude and ability and limiting training to careers of national need were dropped. The veteran was allotted a monthly allowance, and up to \$500 per year for fees, tuition, and supplies was to be paid to any institution which accepted him. The institution had to be above high school level.

The GI could enroll in "all public or private elementary, secondary, and other schools furnishing education for adults, business schools and colleges, scientific and technical institutions, colleges, vocational schools, junior colleges, teachers' colleges, normal schools, universities and other educational institutions and...business or other establishments providing apprentice or other training on the job."⁶

He could study everything from flight training to golf, take apprentice and on-the-job training, train on his own or someone else's farm, and pursue undergraduate and graduate degrees at institutions from Maine to California.

Major Issues in P.L. 346

Several themes voiced in the long Congressional debate about the benefits program persist to this day. As an experienced VA administrator put it, "We are trying to administer a bill in the late '70s which was written in the '60s based on legislation drafted in the

'50s in response to abuses of the '40s."

Veterans' organizations wanted the VA to control educational benefits, whereas the higher education community wanted control to rest with the institutions, educational associations, state agencies, and the Office of Education. However, Congress was determined to hold one agency responsible for all benefits.

It was a veterans', not an education, bill and, as Kansas Congressman Scrivner commented, the administrative machinery eliminated agencies with no experience relating to veterans"⁷--and with most experience in education.

The Congress was opposed even to the suggestion of federal control of education. The Governors' Conference had characterized local control of education as "the most fundamental basis of our American way of life."⁸ Supporters of all proposals contended that their plan would best prevent federal intervention.

Chairman Rankin of the House Veterans Affairs Committee argued that the rival Senate bill, preserving many of the Osborn Committee's administrative ideas, would centralize control of education in Washington and give state agencies control over private and religious institutions. Strongly backed by veterans' organizations, he maintained that no new state or federal machinery was required. Each state would simply be asked to publish a list of approved institutions, and the VA Administrator would certify the veteran's eligibility "with the simplest form of administration."⁹ Congressman Allen of Louisiana endorsed Rankin's position:

Before the boy went to the Army he had no board anywhere to tell him anything....Why should he have a board now? If he took care of himself in the fighting through Guadalcanal and anywhere else, he certainly ought to have sense enough to know how to do a thing then, when he gets back....¹⁰

Why in the world do we have to hound the poor boys who come back here...? We do not need these various departments and agencies in Washington scrutinizing everything these returned servicemen do.¹¹

The Approval Process

Relatively little attention was paid to the approval mechanism and none to course approval--the emphasis was on institutional approval. P.L. 346 provided:

Any... eligible person shall be entitled to education or training...at an approved educational or training institution....From time to time the Administrator shall secure from the appropriate agency of each State a list of the educational and training institutions (including industrial establishments) within such jurisdiction, which institutions, together with such additional ones as may be recognized and approved by the Administrator, shall be deemed qualified and approved to furnish education or training....

The House veterans committee apparently assumed that the approval function would require little more than what the states were already doing in school licensing. However, the state list was not limited to licensed institutions but could include any school, "approved or not approved, accredited or not accredited."¹² When asked if the authority to confer degrees would suffice for school eligibility, Rankin responded, "The truth is that a majority of the American people go to schools that do not grant a degree....The majority of them do not get through high school. So it does not matter whether or not a school grants degrees, if it is on the list approved by the educational authorities of the State...."¹³

However, Rankin insisted on preserving an approval role for the VA Administrator (an authority still retained, though seldom used), distrusting the education community's liberality in approving non-college offerings. "Some of these little schools that teach the boys how to earn their livelihood...would probably be overlooked by some 'brass hats' in some of the higher-up educational institutions that

dominate in their States."¹⁴ Hence, the Administrator was given the power to add to, but not subtract from, the state's approved list.

Warnings about the capacity of many states to undertake such a vast approval process went unheeded. Noting that the GI program would oblige state education departments to approve all kinds of institutions, Maryland State Superintendent of Education Pullen asked, "Have you figured what it would cost your State department to do that properly, sir?"¹⁵

Congress ignored that question and grossly underestimated the scope of the approval job. Asked how many staff it would take to inspect the schools in a state, Rankin replied, "not a great number."¹⁶

When Senator Clark of Mississippi observed that some states had no education agency, he was assured that the Governor would designate one.¹⁷ When a Congressman warned of the importance of protecting the veteran from educational racketeers, Rankin responded that he could not imagine a state recognizing a school that would permit racketeering.¹⁸

Having lost the battle to limit the Administrator's approval power, higher education forces offered an amendment to freeze eligibility to existing institutions. Congressman Poage of Texas warned, "...so-called institutions of learning...are simply going to spring up here, there, and yonder to get the kids' money...the bait of \$500 per year is going to induce every promoter in the country to open an academy, a barber college, or a local 'university'."¹⁹ Poage, Rankin replied, held too narrow a view of education; the world should not be "fossilized as it now stands." The view was also expressed that, "In a period of depression that will surely follow the war, it is better to send men between 20 and 30 back to school than to put them in

competition with men out of work."²⁰

P.L. 346 did not require veterans to state an educational or vocational goal, but did mandate satisfactory progress and conduct as a condition of continued receipt of benefits. Rankin believed that the VA Administrator should be the judge of these. "Some men talk as if we ought to send the Federal Treasury off down here and have some professors handle it. We are not going to do that....We are trying to work out a program that will...protect the rights of the States, but...some Federal agency must have the power to say whether or not that money is being wisely spent or is being wasted."²¹

Rankin lost this point to Congressman Barden, who demanded that the GI be accountable "to the officials of the institution...not an administrator in Washington or his travelling inspectors."²² The Administrator's right to terminate benefits was preserved, but satisfactory progress and conduct were to be defined by each institution.

P.L. 268, passed in December 1945, completed the original GI Bill. Congress struck the age restriction, leaving length of service as the only limit to entitlement; extended the period for initiating training from two to four years; increased the subsistence allowance; and allowed correspondence and part-time training, and short courses of less than 30 weeks duration.

Congressmen who served in 1944 cite three factors to explain the lack of abuse control in the first GI Bill: the nearly religious belief in the sovereignty and competence of the states; the mood of generosity toward the veteran--"If a bill did something for a GI and was even halfway respectable, there was no stopping it"; and "we still had a war to fight."

Demobilization--and Scandal

After Japan's sudden surrender in August 1945, demobilization was far more rapid than had been anticipated. Nearly 10 million veterans were discharged by July 1946.²³

An unexpected number used their educational benefits.

A 1944 Army survey had estimated prospective participation of 7 percent, with 150,000 veterans attending college full-time in any academic year. During the peak year of 1947, 1,158,000 GIs were enrolled in college²⁴ and 2,546,000 in all types of education and training.²⁵

With a majority of veterans enrolling in vocational and technical schools below the college level, existing schools could not handle the volume. Congressman Poage's gloomy prophecy became a reality as trade schools sprang up by the thousands to meet the demand. Between June 1944 and October 1949, according to one estimate, the number of private trade schools rose from about 1,900 to about 5,600.²⁶

As scandals were reported with increasing frequency, Congress began the long process of retrenchment to many controls and restrictions suggested during the 1944 debate.

In 1946, P.L. 679 established detailed approval and course content criteria for on-the-job training and authorized reimbursement to state agencies for their administrative expenses. In 1947, P.L. 377 mandated approval, course criteria, and state agency funding for on-the-farm training (previously part of on-the-job training). But it was not until 1950, in P.L. 610, that Congress adopted standards and funding for the supervision of courses and schools, particularly proprietary schools.

The beginnings of the current system of course (as distinct from

school) approval, codified in the Korean GI Bill of 1952, can be traced to these early laws based, in many cases, on VA regulations. The term "course" had been used, but not defined, in the 1944 law, while "approved" was applied to institutions, not courses. Confronted by a myriad of new educational providers, Congress began a selective retreat from blanket institutional approval.

- o The on-the-job legislation, while still referring to courses offered by "approved establishments," set forth such detailed training requirements for each job that individual course approval was, in effect, mandated.
- o In amending VA regulations implementing the first GI Bill, the on-the-farm legislation included the first specific reference to a "course of instruction approved by the state agency." The Administrator was to stop benefits if an "approved course" of on-the-farm training ceased to meet the act's requirements. A 1949 appropriation bill barred any course in an institution which had been in operation for less than one year, as well as those determined by the Administrator to be avocational or recreational.
- o In 1950, P.L. 610 provided specific definitions of avocational courses. The result was to focus scrutiny on individual offerings. Photography, gliding, personality development, and public speaking were declared ineligible even at approved institutions.
- o Responding to over half-a-million program or course changes in 1949, which suggested that many veterans were going to school simply to collect benefits, the Congress limited trainees to one change of course. VA and state agency officials now had to make complex judgments about changes in a student's objectives.
- o P.L. 610 further required that proprietary schools in which fewer

than one-fourth of the students paid their own tuition must furnish a detailed curriculum for each course of training offered.

The Hoover Commission Recommendations

The early statutory restrictions were aimed mainly at proprietary schools. In 1949, the Hoover Commission had called the lack of accreditation and adequate state licensing for such schools a significant problem. Concluding that the federal government had insufficient control over the quality and utility of veterans training in many schools, the commission stated, "The VA should be given the authority to establish a system of certification for all educational institutions which were not 'accredited' [i.e., approved by a private accrediting agency or a state education department]....No payment [should] be made to any institution or student within an institution which had failed to receive such certification."²⁷

VA Administrator Grey firmly rejected the recommendation. He noted that the Administrator already had authority to approve institutions not recognized by the states, but had done so with respect to only a few job establishments and foreign institutions. Grey reaffirmed the "long accepted philosophy that educational matters are for the states" and pronounced the current policy under which some 45,000 facilities were included on the Administrator's lists as "sound."²⁸

A Congressional staff member adds that there was another reason for not enlarging the VA's approval role at this time. The VA had, from the first, approved courses for disabled veterans and also assumed the approval function for states which did not establish approval agencies. The VA's performance, he said, was "just horrible.... Their record wasn't any better than some of the worst SAAs."

Between 1949 and 1956, intense public scrutiny was focused on the GI Bill abuses--the Hoover Commission; the Trundle Task Force; the Teague Select Committee; the management firm of Booz, Allen, and Hamilton; and the General Accounting Office all inspected and dissected the program. The Teague Committee's report assumes the greatest historical significance because its recommendations shaped the Korean GI Bill in 1952.

Teague Committee Findings

Facing the end of the World War II program (the last enrollment date for most veterans was July 25, 1956) and concerned about the proper format for future benefit programs, Congress created a Select Committee to Investigate the Educational and Training Program Under the GI Bill, chaired by Olin Teague of Texas, to determine where and why P.L. 346 had gone wrong. An initial report submitted in early 1951 suggested ample areas for additional study.

The final report, covering alleged abuses and action or lack of action taken by the VA and the state agencies, was submitted in February 1952. Concentrating on programs below the college level, especially those offered by proprietary schools, it recited a litany of graft, waste, and inefficiency.

Many private schools falsified cost data and attendance records, overcharged for supplies and tools, billed for students not enrolled, and in some cases entered into fraudulent schemes with VA and state officials. Overcrowding in inadequate facilities was commonplace, as were courses which led to few or no employment opportunities. The time required to complete a course was often lengthened to keep the veteran enrolled, or new courses were added to prolong the curriculum. For example, one radio school increased its broadcast practice course

hours from 100 to 800.²⁹

New schools had no established tuition rates. Eventual VA determination of a rate formula helped somewhat but created an "enormous and costly administrative burden" for the VA and a source of endless contention with the long-established schools in particular.

While judged to have worked well in some states, the on-the-farm program lacked uniform training requirements and adequate supervision. P.L. 377 had failed to require credit for previous training and/or to prohibit retraining. Hence, training was often permitted though "the veteran was already proficient as a farmer or had graduated from an agricultural college and was qualified as a teacher." Many schools allowed veterans to enroll in programs inadequate for reasonable, full-time income, and, in some areas, on-the-job "training" was little more than a labor subsidy.³⁰

Prior to passage of P.L. 679 in 1946, the on-the-job effort was "unsatisfactory as a training program and permitted excessive exploitation." Even after the provision of funding for state inspection, state agencies complained (and the Teague Committee agreed) that the VA reimbursement formula requiring only two to three inspection visits per year per firm resulted in inadequate supervision.

The committee found that many veterans were trained for jobs in which they were already proficient; training was approved for unskilled or semi-skilled occupations where little or no training was needed; and many veterans remained in training for excessive periods of time in a series of closely related job objectives, such as "assistant manager" and "manager" positions. Firms took advantage of the benefit scales and the on-the-job income ceiling to pay the veteran lower than customary wages.

The committee concluded that "the on-the-job training program has been successful in those cases where the participating firm established and followed a training schedule leading to a skilled objective and paid a realistic wage schedule."³¹ Stated objectives and measurable outcomes were to become statutory requirements.

By all accounts, the college level program presented the fewest problems and was regarded as more successful than any other in the first GI Bill. Nonetheless, a 1951 GAO report found that non-resident tuition rates were charged for resident veterans; salaries of teachers paid by federal funds were included in the costs upon which credit hour charges were based; and nonresident tuition rates were increased excessively. Some colleges had increased tuition 300 percent or more, collected double tuition, and charged \$35 per student for "new construction" when the government had already paid 45 percent of the original cost.³²

A former congressional staff member notes that "millions and millions of dollars" were involved. "Football stadiums were built with GI Bill tuitions and the system for charging for supplies was often abused." Tuition was paid to students who didn't attend classes; institutions failed to report changes in a veteran's status or progress; and extension and night schools sprang up which offered inferior training and courses that bordered on the avocational.

The Teague Committee found that VA regulations were complicated, confusing, ambiguous, and contradictory, and key personnel were not qualified by educational background to run an education program. The final authority entrusted to the Administrator led to arbitrary decisions and a limitation of the right of educational institutions to an independent review of transactions and agreements.

The VA responded that it could not compel institutions to report a veteran's change of status, and thus had no control over resulting overpayments. By July 1951, there were \$17 million overpayments, or about 2.6 percent of all outlays, due largely to schools' failure to report changes in veterans' status. The law had not mandated attendance, thereby permitting veterans to collect benefits simply for enrolling. The Administrator's authority was restricted to determining veterans' eligibility and authorizing payment; judgments of the quality or value of the training were supposedly reserved to the states.

State Approval Agencies

Upon passage of the 1944 law, the VA Administrator requested the governor of each state to designate an approval agency. The performance of these agencies varied from good to indefensible. However, Congress did not fund them and many state education agencies (themselves underfunded) were reluctant to pay for administering a federal program.

In addition to traditional college and vocational courses, the underfinanced and understaffed agencies were faced with countless non-courses in "skills such as meatcutting, brickmasonry, and carpentry, which had been learned on-the-job prior to 1944."³³ In the absence of vocational or common state standards or approval criteria, near chaos resulted. As Boyd Finch summed it up:

The state quarreled with the Veterans Administration and the VA quarreled with the state, and the veteran quarreled with both....The printing presses ran day and night grinding out VA Regulations.... While on the other hand, some State Approval Agencies in reckless abandonment, were approving every facility that had a roof over it.... It was pretty smelly for a while.³⁴

Some states developed complex approval procedures, some defined institutional standards; others had no criteria at all. There was no

agreement on the appropriate length or content of courses.

Lacking inspection personnel, many approvals were by mail. Graft and collusion between inspectors and institutions were common. Chairman Teague received a letter from a barber school complaining that the required payoff for state approval was too high.

The state agencies were pressured by schools which sought initial approval and later attempted to circumvent corrective regulations. Some schools promoted demonstrations against the agencies. The GAO charged that, when over-enrollment, excessive absences, and tardiness, inadequate instruction and supervision were brought to the attention of the approval agencies, their response "in most...cases was one of indifference...."³⁵

Some states such as South Carolina refused to approve new proprietary schools; a few, like New York, had well-established criteria for school approval. The Teague Committee treated the state approval agencies kindly, blaming the VA for failure to support an adequate supervisory system.

Following procedures established for disabled veterans, the VA initially attempted to assign a training officer to supervise each trainee's progress in on-site visits. As enrollments zoomed, individual supervision was abandoned by August 1947.

The VA announced that it would now ask the state agencies to provide evidence of satisfactory conduct and progress. Veterans not enrolled at higher education institutions or on-the-farm training had to submit by the 10th of each month certification of their units of instruction and hours of training. The resultant workload was staggering; unprocessed VA forms were stacked in regional offices. The forms were abandoned in March 1950 and it was announced that the state

agencies would be expected to see that schools gave prompt notice of veteran discontinuance.

The Teague Committee declared, "There is little question that a strong system of supervision through the States could have been established for a fraction of the amount of money wasted through the abortive attempt by the Veterans' Administration to extend supervision to the veteran on a personal and later on a paper basis...." Of over \$12.4 billion dollars spent by the end of July 1951, \$343 million went for administrative expenses; of this, only \$17.5 million was allocated to the states.³⁶

The Korean Bill, 1952

In considering the Korean GI Bill, Congress sought to prevent a repetition of earlier abuses. P.L. 82-550, enacted in July 1952, ended tuition payments to institutions in favor of a single payment to the veteran.

The new program was characterized as partial aid, rather than a complete subsidy; the veteran was expected to contribute to the cost of his own education. The Congress stressed that the new act was concerned with the veteran and not with any benefit which might flow to schools. Direct payment to the veteran, it was hoped, would lead him to demand "a dollar's worth of education for each dollar that he spends,"³⁷ reducing the abuses and administrative problems that institutional payments had engendered. Benefits were more closely restricted to programs offering clear contributions to individual readjustment. The veteran was to enroll in a program which would enable him to reach "a predetermined and identified educational or professional or vocational objective."³⁸ A "program" was defined as a single-unit course or subject or any curriculum or combination of unit

courses or subjects which were generally accepted as necessary to fulfill this goal. A "course" was finally defined as an organized unit of subject matter in which instruction was offered within a given period of time or which covered a specific amount of related subject matter for which credit toward graduation or certification was given.

Differential Supervision

- o Section 254 of P.L. 550 established detailed approval criteria for all unaccredited courses, while section 253 allowed (but did not require) the state agencies to approve courses accredited by an accrediting agency recognized by the U.S. Commissioner of Education.
- o Initially, the approval of individual courses was required for both types of institutions, but a VA directive was soon issued permitting approval of accredited colleges by degree program rather than course. A state official recalls that the effect was a strong reliance on the catalogs of accredited institutions (under the law, all schools had to submit one in applying for approval), with close supervision being given to unaccredited schools.

Monthly attendance certification was required for all veterans; college students submitted their statements directly to the VA but proprietary school students had to have theirs confirmed by their school.³⁹ Provisions barring any course which had been offered for less than two years or in which more than 85 percent of students had their tuition paid by the institution or the VA were aimed at proprietary schools; public institutions were exempted.

As a prior study concluded, in P.L. 550, "the VA and the Congress have, wisely or unwisely, decided to concentrate the bulk of the

resources devoted to approving and monitoring courses upon vocational or non-degree training and to handle college-level education more lightly."⁴⁰

Role of the State Approval Agency

The Teague Committee believed that "high standards for approval of educational institutions and close supervision of schools and veterans enrolled in these schools" were essential to deal with the abuses of educational benefits.

Accepting the committee's position in P.L. 550, Congress endorsed the role of the states and rejected the alternative of direct federal course approval, "because a majority of the veterans enrolled are attending public schools and colleges where the presence of a federal supervisory program would conflict with the traditional authority of the States in the field of education."⁴¹ However, the law instituted the following changes in the approval system:

1. New standards were set for schools, especially those below the college level (mainly proprietary schools), with respect to grading, standards of progress, and attendance.

2. The roles of the VA and the state approval agencies were clarified.

3. Funds were provided for the work of the state agencies.

With satisfactory school standards, it was hoped that relatively little school supervision would be needed. Schools refusing to comply would be removed from the approved list. A cooperative VA-state reporting system would monitor the satisfactory progress of veterans.

The law required the state agency to furnish a list not of approved schools but of "educational institutions and training establishments specifying courses which it has approved" and prescribed the

standards which were to be employed.

Supervision of standards of progress remained divided. The state was responsible for determining that schools kept adequate records of student progress; the VA, for terminating the benefit of any veteran whose progress or conduct was unsatisfactory.

The VA was empowered to approve courses if a state failed to designate an approval agency. The Administrator was also to approve the courses of any federal agency.

Finally, the Administrator was to contract with the states for services; and they could be required to furnish "any other services in connection with this title that the Administrator might request."

One state official has characterized the resultant approval system as "a federal system which is made to look like a bit of a state system. In fact, the state approving agencies use federal standards, federal funds, federal forms, and the VA has the right to overrule state decisions. It has done so. We have a federal system in all but name...."⁴²

VA and OE

Spokesmen for the National Education Association, the American Council on Education, the National Council of Chief State School Officers, and the National Association of State Approving Agencies (NASAA) recommended that the Office of Education administer the education benefits section of the new GI Bill. The American Legion, on the other hand, proposed giving the VA Administrator veto power over state approvals, an idea strongly opposed by NASAA.

Commissioner of Education McGrath took a middle position, opposing veto power for either OE or VA. He favored continuing the state approval system and providing a consultative role for OE.

Congress faced a difficult problem. Many studies had faulted VA for lack of personnel experienced in education and failure to seek OE's advice on educational matters. Yet to transfer the educational program to OE would fragment responsibility for veterans benefits. To give a federal agency a veto over state education approval ran counter to the prevailing doctrine of state rights, yet adherence to these rights had led to many abuses.

In a move it was later to regret, the House committee asked Commissioner McGrath to draft legislation to resolve the problem. He recommended that:

1. Each state designate a State Veterans' Education Commission including representatives of the public interest, the principal state education agency, and the varied educational interests involved in veterans' programs.
2. The commission would propose standards and procedures for approving educational facilities and submit them to the Commissioner of Education for his acceptance; inspect facilities seeking approval; and establish procedures for hearing appeals of approval decisions.
3. The Commissioner would reimburse the commissions and assume their functions if a state did not designate a commission or altered its standards or procedures without his approval.
4. The Commissioner would issue a list of accrediting agencies which he recognized as "reliable authority" on the quality of training offered by an institution; state agencies could accept accreditation by a recognized agency for course approval purposes.

The House veterans committee wanted some OE involvement in the education benefits program--the committee was "shocked," Teague said, to learn that "in all the years of the operation of the GI Bill the

Administration had never consulted the Office of Education"⁴³--but not an OE takeover. The bill that emerged from its deliberations gave OE a secondary role in administering course approvals; the final legislation retained only the functions of development of cooperative agreements between VA and the states, review of the state agencies' operational plans, technical assistance, and issuance of a list of recognized accrediting agencies.⁴⁴

The List of Accrediting Agencies

The idea of the list came from the counsel for the National Federation of Private School Associations. Badly burned by the scandals of the first GI Bill, leading proprietary schools were searching for respectability.

Voluntary accreditation was one way by which many educators sought to distinguish more from less reputable schools; associations of proprietary business and correspondence schools had experimented with it for many years. The Office of Education had for decades published a directory of higher educational institutions and listed the agencies which accredited them, but excluded those accrediting proprietary schools, most of which were below the college level. However, that was precisely the level of education which a majority of World War II veteran trainees had sought. If OE were required by statute to recognize accrediting agencies to assist in the administration of veterans benefits, it could hardly refuse to consider listing agencies accrediting schools at that level. The pertinent language in P.L. 550, which shortly had that effect, stated:

For the purposes of this title the Commissioner shall publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered by an educational institution and the State approving agencies may, upon concurrence, utilize the accreditation of such accrediting associations or agencies for approval of the courses specifically accredited and approved by such accrediting association or agency.

The consequences of this passage still evoke grudging admiration even from its critics. It was drafted and moved through both houses of the Congress, we were told, without detailed explanation or discussion because it was feared OE might lobby against it if its consequences were better understood.

(The accrediting commissions of the business and correspondence school associations, now the Association of Independent Colleges and Schools and the National Home Study Council, were reorganized in 1952 and 1955 and, after several applications, finally recognized by the Commissioner in 1956 and 1959, respectively.)

Lack of controversy over the list was not due to effective lobbying alone. As a concept, it responded to Congressional concerns for reliable standards for the quality of education, without federal control, simplification of the administrative complexities which had plagued the 1944 bill, and economy. Reliance on private accrediting agencies spared the government both the responsibility and the expense of individual inspections and evaluations, particularly in higher education, an area perceived as having caused relatively few problems in the past.⁴⁵

Benefits of the GI Bill

The Teague Committee concluded that the 1944 law had achieved the specific purposes for which it was written: prevention of any serious problems of unemployment, unrest, and dissatisfaction among veterans, and restoration of human resources lost or retarded by the war. More than 7,800,000 World War II veterans participated in the program, and taxes generated by their resulting improved employment status are variously estimated to have repaid three to eight times the government's \$14.5 billion cost.⁴⁶

As the first federal commitment to a massive national scholarship program, the GI Bill had enormous impact on higher education.

- o The experience of the veteran demonstrated that a mature audience wanted higher education, if some financial aid were made available, and would proceed in a responsible way to obtain it.
- o Enlarged educational opportunity was provided disadvantaged individuals.
- o Higher education became a significant instrument for policy makers seeking to prevent or alleviate unemployment.
- o New policies and services were initiated, including flexibility in admissions, student counseling, and career preparation.⁴⁷
- o Temporary off-campus sites for veteran enrollees grew into permanent new state campuses.

A Peaceful Period

The years between 1952 and 1966 were a relatively peaceful period in GI Bill history. Continuing problems did not erupt into a major crisis that captured national and Congressional attention. The Teague Committee recommendations apparently corrected the most flagrant kinds of abuse. The Bradley Commission concluded that, "In general, the operation of Public Law 550 may be characterized as much more satisfactory than the operation of Public Law 346....Public Law 550 is a much sounder law...."

That was only one reason for the record of the Korean GI Bill. History was kinder in 1952 than it had been in 1944. Demobilization was slower and more orderly, the number of veterans fewer, economic conditions more favorable for their reentry into civilian life, and VA and state agencies had had eight years to learn the ropes. The new crop of veterans had more years of pre-service education, and

returned to a world demanding yet more years. A majority now enrolled in traditional, degree-granting institutions.

The "rather large role" for the Office of Education "apparently contemplated by the Congress" in the operation of P.L. 550 never materialized. While a number of states utilized joint teams of VA and OE personnel to review state approval system plans, Congress did not fund the effort.⁴⁸

Questions about the respective responsibilities of the VA and the state approval agencies remained. Shortly after 1952, the VA instituted a number of compliance surveys at institutions. The states complained vigorously that this duplicated one of their duties. The VA reportedly instructed its education benefits staff not to discuss approval violations with the institution.

1966

Prior to 1965, the Kennedy and Johnson administrations opposed extending the GI Bill because of the cost, concern that education benefits might induce skilled personnel to leave the service, and a conviction that the readjustment problems of current veterans were less serious than those of earlier veterans.⁴⁹

Escalation of the hostilities in Vietnam changed this position. "The perpetual cold war condition, with its crises, compulsory military service and expanded overseas commitments" made a new education benefits bill necessary to ensure equitable treatment of servicemen "during this tense period of our history."⁵⁰

P.L. 89-358, passed on March 3, 1966, retained the basic provisions and philosophy of the Korean GI Bill, but added a new purpose: enhancing and making more attractive service in the Armed Forces.

The state approval system, regarded by the House Veterans' Affairs Committee as a basic safeguard against abuse, was continued. Students in higher educational institutions were exempted from monthly certification of attendance, but the "more rigid requirements" of the 1952 law were retained for all other trainees.⁵¹ Apprenticeship and on-the-job training programs, dropped in the initial law, were reinstated a year later.

By the late '60s, concern was widely expressed that the Vietnam era veteran was using his benefits at a far lower rate than his predecessors. Blame was variously assigned to low benefits, tardy payments, and inadequate information on available benefits.

Congress and the VA made substantial efforts to raise participation levels, particularly among the disadvantaged.

- o In 1970, trainees were permitted to take courses for a high-school diploma or General Equivalency Diploma certificate or any course needed to qualify for postsecondary programs without charge to their 36-month entitlement period.⁵²
- o PREP, the predischARGE education program established by P.L. 91-219, effective March 1970, permitted active service personnel to prepare for future education or training by taking high-school, remedial, or refresher courses.⁵³
- o Tutorial assistance in courses which were an essential part of an approved program of study was made available in 1970.⁵⁴
- o Intensive outreach efforts to acquaint the veteran with his benefit rights were made by the VA and other agencies including the National League of Cities.
- o VCIP, the U.S. Office of Education's Veterans Cost of Instruction Program, established by the higher education amendments of

1972, made colleges and universities eligible for a cost-of-instruction payment if they increased the number of undergraduate veterans in attendance by 10 percent over the preceding academic year. Institutions were required to maintain a full-time Office of Veterans' Affairs to provide counselling and tutorial services, outreach and recruitment, and special programs for educationally disadvantaged veterans.⁵⁵

Despite such efforts, the Senate Veterans' Affairs Committee,⁵⁶ in particular, remained dissatisfied. It noted a Harris survey finding that 59 percent of the Vietnam era veterans had never applied for educational benefits. The committee was dissatisfied with the 1971 total participation rate of 35.9 percent and the 17.4 percent participation of veterans discharged without a high-school degree.⁵⁷ Overriding House objections,⁵⁸ the Senate spearheaded passage, in 1972, of P.L. 92-540 authorizing an initial advance payment of one month's benefits, plus an allowance for one month's training and subsequent prepayment of benefits on the 1st rather than the 30th of each month.⁵⁹

Although VA staff say there was great concern about the potential abuse of these provisions, the agency supported pre- and advance pay. The new procedures were expected to overcome VA problems with timely payment and relieve time pressures on educational institutions in meeting certification requirements.⁶⁰

Many believe these measures, and a substantial benefit increase, had the desired effect. In 1973, veteran enrollment rose 14 percent to a record high of 1.5 million. By 1975, fueled by another benefit increase in 1974, the participation rate had jumped to 60 percent, a higher rate than for either the World War II or Korean programs.⁶¹

77

Overpayments

An overpayment crisis erupted immediately after the benefit and enrollment increases. Overpayments rose from about 3 percent of total benefits in FY 1972 to about 16 percent in FY 1976.⁶² By December 1975, outstanding overpayments totalled \$298.2 million, a 35 percent increase in six months.⁶³

A General Accounting Office report based on a Los Angeles area investigation concluded that 41 percent of overpayments resulted from school and veteran delays in reporting changes in training status; 22 percent, from issuance of special payments and poor VA processing practices; 21 percent, from pre- and advance payment provisions of the 1972 law; and the other 16 percent, from normal processing requirements.⁶⁴

Differing with GAO's conclusions, the VA's 1975 Task Force Report traced the massive increase directly to the legislation which authorized pre- and advance payment, as well as internal agency problems which had developed since the late 1960s:⁶⁵

- o As enrollments declined dramatically after 1965, compliance surveys at degree-granting institutions were virtually dropped, being conducted only upon the specific determination of regional office directors. Only 157 were conducted in 1973, compared to 2,609 in 1977, after their full-scale resumption. Thus, for a period, the VA directly monitored few of the institutions which accounted for 73 percent of all outstanding overpayments as of 1974.⁶⁶
- o Inadequate computer capacity and other benefit processing problems had led to substantial delay in payments to veterans in the early '70s. Under public and Congressional pressure, the

VA removed computer bars to speedy payments, markedly expanded hardship payments, and began to authorize benefits for the entire four-year enrollment period at degree-granting institutions.⁶⁷ Massive debt backups resulted from this "heavy concentration on payments of benefits and failure to apply adequate resources to review of payments."⁶⁸

By 1978, VA officials held that the failure of institutions to report promptly that a veteran had terminated training or changed status was the primary cause of continuing overpayments.⁶⁹ The institutions responded that they were ill-prepared for the rapid rise of veteran enrollments and were being unfairly penalized by the VA, which had not hitherto complained about their methods of monitoring attendance.⁷⁰

There is widespread agreement that the overpayment problem has been overstated. Given the reporting system, some degree of overpayment was and is unavoidable. Pre- and advance pay caused a three-month overpayment to a veteran who did not attend. Even notification of termination or change of status within 30 days (the current requirement) can result in one month's overpayment. The volume of "overpayments" is inflated by the practice of listing special payments as accounts receivable until they are cleared by regular payments. Accordingly, as the Senate Veterans' Affairs Committee has noted, a large volume of "overpayments" are administrative artifacts recoverable by offsets against subsequent educational entitlements.⁷¹

A certain amount of intentional abuse is inevitable, as VA Administrator Max Cleland has explained:

...I don't mean to make light of the serious subject of federal overpayments, but you may recall that Willy Sutton, the bankrobber, when asked why he robbed banks, replied simply, "That's where the money is."

Thus, in this sense it is understandable that the Veterans Administration has a problem of overpayments which is larger than the defaults in the Guaranteed Student Loan Program. We have been spending the money longer and...the benefits under the GI bill are larger and more generous than those under Basic Grants, Supplementary Grants, and Guaranteed Student Loans....

The fact remains, Mr. Chairman, that our programs are the focus of attention of all sorts of people, exploiters of veterans as well as those veterans who want to exploit the program for income maintenance purposes because the VA and the GI Bill is "where the money is."⁷²

Overpayments focused a warm spotlight on junior colleges. Between 1965 and 1975, enrollment in these colleges rose 230 percent compared to 70 percent in four-year institutions. The Senate Subcommittee remarked on "the uncovering of problems and abuses with respect to veterans attending degree-granting institutions."⁷³ Earlier trust in higher educational institutions was shaken by "mounting evidence that many veterans are enrolling in courses (often with active encouragement and complicity of certain schools), not to pursue an education or training program but solely to receive VA monthly assistance allowances."⁷⁴

The VA faulted open admissions, nonpunitive grading, and lax attendance policies which, according to the Chief Benefits Director, ...accompanied by poor recordkeeping and inadequate enforcement of standards of progress, resulted in the VA paying subsistence allowance to many veterans and other eligible persons who were not actually in training. Some students would enroll for full-time training, receive benefits for a semester and then withdraw prior to examination time, without ever attending class.⁷⁵

A House Appropriations Committee 1976 study identified the liberalization of grades and aggressive recruitment policies as a major source of overpayments at colleges. "...[T]he VA lost control over the education program. In effect, an honor system developed where the VA left it up to the veterans and the institutions to report changes and terminations; but it was not in the interests of either

to do so."⁷⁶ The Legislative Director of the National Association of State Approving Agencies put it more bluntly: "...what we have been doing is using the old honor system...but, we come to find out that we had the honor and the others had the system."⁷⁷

Until 1974, legislative attempts to correct abuses were aimed primarily at proprietary schools. For example, the requirement that veterans constitute no more than 85 percent of students was extended, in 1972, from unaccredited to all proprietary schools; the refund policy of the National Home Study Council was accepted for accredited schools, but their study contracts were not effective unless reaffirmed by the veteran after a ten-day cooling-off period. In 1974, evidence that 50 percent of graduates were employed in related occupations was required for vocational courses, and approval was to be denied if their advertising used avocational or recruitment themes or if deceptive advertising or recruitment practices were used. That year, VA and the Congress began to focus on documented problems at degree-granting institutions. VA issued regulations requiring that for benefits to be paid, independent study courses must consist of a prescribed program with provisions for interaction with regularly employed faculty by mail, telephone, in person, or by class attendance.⁷⁸

Evidence mounted of problems with branch campuses, standards of progress, the reporting of change in veterans' status, excessive enrollments, and deceptive advertising at junior colleges and other higher educational institutions.

o Some veterans repeated a course as many as seven times;⁷⁹ 30 took up to 120 credits and received grades (used in computing graduation requirements) for only eight; many routinely withdrew before final exams without penalty.⁸⁰

- o A VA audit of one mideastern university found 1,240 instances where the institution had failed to notify the VA of a reduction in credit load affecting benefit payment. An audit of a community college identified 1,898 cases, generating over \$2 million overpayments. Veterans were certified for more approved courses and hours of instruction than they were scheduled to attend.⁸¹
- o Some colleges were unwilling to abide by the 1974 regulations which provided reduced benefits for independent study. In addition, independent study became a means of awarding credit for experience. One institution certified 16 semester credit hours to an employed state trooper for "accident observation," and 16 to a student for "supervising" an art class.⁸²
- o To recruit veterans, institutions opened distant branch campuses which assumed the accreditation of the main campus without a site visit or evaluation by the regional accrediting association. VA and the Congress subscribed to the view of the Council on Postsecondary Accreditation that there was

...increasing evidence that at least a handful of colleges and universities apparently have established off-campus degree programs that are not equivalent academically to similar programs on campus and further that they have allowed these off-campus programs to operate without adequate supervision from the sponsoring institutions.⁸³

VA officials were particularly concerned that branch courses, facilities, and faculty differed from those described in the institution's catalog.
- o Unaccredited degree-granting proprietary schools approved as degree-granting colleges escaped the 50 percent employment requirement and the 85:15 rule.

P.L. 94-502, 1976

By late 1975, frustrated at the failure of the VA, the institutions, accrediting bodies, and the state approval agencies to correct such problems, a committee staff member recalled, Congress "just got mad." Extensive hearings were held from early 1975 through October 1976. Upon the initiative of the Senate, Congress passed P.L. 94-502 "to insure that educational assistance benefits are paid only to those veterans who are, in fact, seriously pursuing a course of education." 84

The Senate Veterans Affairs Committee believed that traditional distinctions between colleges and proprietary schools had blurred. Junior colleges were offering associate degrees for courses which had been the stock in trade of proprietary schools; some had adopted dubious practices, previously identified with proprietary schools, to promote and maintain enrollment (upon which their appropriations were based) regardless of student aptitude, performance, or even attendance. Congress concluded that the former immunity of colleges and universities from detailed regulation was no longer warranted.

- o A comprehensive review of the advertising, sales, and enrollment practices of all schools was mandated.
- o Benefits were barred for independent study courses not leading to a standard college degree and benefits for the latter courses were, in most cases, reduced.
- o Annual compliance surveys were required at all institutions with 300 or more veterans.
- o "To allow the free market mechanism to prove the worth of a course,"⁸⁵ the 85:15 rule was extended to all schools, and the two-year rule, to branches of public institutions located outside

the taxing jurisdiction of the main campus and to branches of private schools located beyond "a normal commuting distance."⁸⁶

- o Stressing that VA education benefits were "specially predicated upon serious pursuit of educational or vocational objectives by veterans and are not intended as a gratuitous income supplement program," Congress (1) defined "unsatisfactory progress" to include cases in which a veteran was not progressing at a rate which would enable him to graduate within a normal period of time anticipated for the completion of his studies; (2) required schools to establish and enforce more specific standards of progress and graduation for veterans and to include these standards in a certified bulletin or catalog;⁸⁷ and (3) prohibited benefits for courses which are audited or for which nonpunitive grades are received, except in mitigating circumstances.⁸⁸

Together with the modification of advance pay and elimination of prepay procedures, it was hoped that these requirements would control abuses at colleges and universities.

The subsequent history of VA's attempts to implement congressional statutes is a tangled web of regulations, circulars, waivers, revisions, and confusion. The resulting problems are covered elsewhere in this report: disagreements between the VA and state approval agencies; wholesale termination of benefits in some areas; and a firestorm of protest from the higher education community. They demonstrate the circularity of GI Bill provisions, VA implementing measures, school responses, and new statutory provisions. The process is not likely to end.

Footnotes

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11. Ibid., May 12, p. 4448.

12. Congressional Record, House, May 16, 1944, p. 4549.

13. Idem.

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15. Veterans' Omnibus Bill, Hearings Before a Subcommittee of the Committee on Finance, U.S. Senate, 78th Congress, 2nd Session, January 14, 15, 21, 24, February 11, 14, 23, March 8 and 10, p. 144.

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17. Congressional Record, Senate, March 24, 1944, p. 3079.

18. Congressional Record, House, May 11, 1944, p. 4344.

19. Congressional Record, House, May 17, 1944, p. 4040.

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24. Brent Breedin, "Veterans in College," Research Currents, American Association for Higher Education, March 1, 1972, p. 1.

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29. Report on Education and Training Under the Servicemen's Re-adjustment Act as Amended from the Administrator of Veterans' Affairs, House Committee on Veterans' Affairs, 81st Congress, 2nd Session, Committee Print No. 210, February 8, 1950, p. 75.

30. Investigating Education and Training Programs Under GI Bill, Teague Committee Report, February 14, 1952, p. 4.

31. Ibid., p. 5.

32. Veterans' Readjustment Act of 1952, Hearings before the Special Subcommittee on Veterans' Education and Rehabilitation Benefits of the Senate Committee on Labor and Public Welfare, 82nd Congress, 2nd Session, June 10, 11, 12, 13, and 17, 1952, pp. 135-36.

33. Report on Education and Training Under the Servicemen's Readjustment Act..., House Committee on Veterans' Affairs, 81st Congress, 2nd Session, Committee Print No. 210, February 8, 1950, p. 13.

34. Boyd A. Finch, The Origin and Development of the National Association of State Approval Agencies, Charleston, South Carolina, 1961, p. 4.

35. General Accounting Office Report of Survey--Veterans' Education and Training Program, 82nd Congress, 1st Session, House Veterans' Affairs Committee, Committee Print No. 160, 1950, pp. 64-65.

36. Investigating Education and Training Programs Under GI Bill, Teague Committee Report, February 14, 1952, p. 109.

37. Education and Training and Other Benefits for Persons Serving in the Armed Forces on or after June 27, 1959, House Committee on Veterans' Affairs, 82nd Congress, 2nd Session, Report No. 1943, May 16, 1952, p. 25.

38. P.L. 82-550, Section 221.

39. A VA regulation requiring all schools to take daily attendance was issued but never implemented. The University of Iowa had estimated it would take 30 to 40 secretaries to maintain the records.

40. Harold Orlans et al., Private Accreditation and Public Eligibility, National Academy of Public Administration Foundation, October 1974, p. 363.

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43. Veterans' Readjustment Act of 1952, Hearings before the Special Subcommittee on Veterans' Education and Rehabilitation Benefits of the Senate Committee on Labor and Public Welfare, 82nd Congress 2nd Session, 1952, p. 85.

44. See Section 243 of P.L. 82-550.

45. Matthew W. Finkin, "Federal Reliance on Voluntary Accreditation: The Power to Recognize as the Power to Regulate," Journal of Law and Education, Volume 2, No. 3, July 1973, pp. 346-348.

46. Donald E. Johnson, op. cit., pp. 227-228.

47. David D. Henry, Challenges Past, Challenges Present, Jossey-Bass, San Francisco, 1975, p. 49.

48. Readjustment Benefits: Education and Training, and Employment and Unemployment, the Bradley Commission, September 12, 1956, p. 104.

49. Ilona N. Raskow, op. cit., p. 9.

50. Education and Other Benefits for Veterans of Service After January 31, 1955, Report of the House Committee on Veterans' Affairs, 89th Congress, 2nd Session, Report No. 1258, February 3, 1966, p. 4.

51. Ibid., pp. 12-15.

52. Final Report on Educational Assistance to Veterans: A Comparative Study of Three GI Bills, Report to the Senate Committee on Veterans' Affairs by the Educational Testing Service, 93rd Congress, 1st Session, Committee Print No. 18, September 20, 1973, p. 197.

53. Ibid., pp. 198-99.

54. Ibid., p. 201

55. Since VCIP's inception, over 1,100 institutions have annually received VCIP awards based on an aggregate of over 3.5 million veterans. Proponents point to VCIP's ability to attract veterans as an indication of its success. Veteran enrollment in VCIP-sponsored institutions grew 18.3 percent between 1973-74 and 1974-75 compared to an overall undergraduate enrollment growth of 5.4 percent. During the following year, veteran enrollment grew 56.7 percent compared to overall enrollment growth of 5.4 percent. See Testimony for the Continuance of the Veterans' Cost of Instruction Payments (VCIP) by the National Association of Veteran Program Administrators at Reauthorization Hearings of the Higher Education Act of 1965, January 4, 1979, pp. 7-8 (mimeo).

56. In 1971, the Senate upgraded veterans' affairs from a subcommittee of the Labor and Public Welfare Committee to full committee status. The change encouraged increased Senate focus on the GI Bill.

57. Vietnam Era Veterans' Readjustment Assistance Act of 1972, Report of the Senate Committee on Veterans' Affairs, 92nd Congress, 2nd Session, Report No. 92-988, July 26, 1972, pp. 29-30.

58. House Committee staff had argued that participation rates were in fact completely consistent with those under previous GI Bills at the same stage in the programs.

59. P.L. 92-540, §1780(d)(1), (d)(2), and (e).

60. Vietnam Era Veterans' Readjustment Assistance Act of 1972... Senate Report No. 92-988, p. 94.

61. Veterans' Education and Employment Assistance Act of 1976, Hearings before the Subcommittee on Readjustment, Education, and Employment of the Senate Committee on Veterans' Affairs, 94th Congress, 1st Session, October 1 and 2, 1975, Part 1, p. 1.

62. Veterans Administration, Abuses in the Veterans Administration Education Benefits Program, prepared by the Field Operations Staff (223A), Education and Rehabilitation Service, Department of Veterans Benefits, March 7, 1978, p. 7 (mimeo).

63. General Accounting Office, Educational Assistance Overpayments, A Billion Dollar Problem--A Look at the Causes, Solutions and Collection Efforts, Report to the Congress by the Comptroller General of the United States, March 19, 1976, p. 4.

64. Ibid., pp. i and ii.

65. Veterans Administration, Task Force Report VA Accounts Receivable Study, March 1975, p. 649.

66. Abuses in the Veterans Administration Education Benefits Program, pp. 4-7.

67. Ibid., p. 7. VA headquarters and regional staff remember "getting the money out" as the overriding priority. "Abuses were known. We had sacks of mail on problems," said one official. "We just didn't have the personnel to pay and supervise at the same time, so we turned our backs on the overpayment question."

68. Task Force Report VA Accounts Receivable Study, p. 649.

69. Abuses in the Veterans Administration Benefits Program, p. 7.

70. Overpayments remain of serious concern to the VA. Despite an improved record of collections and offsets, outstanding overpayments have remained "disturbingly high and constant," according to a VA source. The balance in December 1978 was \$382 million, compared to \$403 million in September 1978 and \$439 million in September 1977. Since overpayments were expected to drop dramatically with the elimination of prepayment in 1976, their continuing high level is attributed by the VA primarily to deficiencies in school reporting of unsatisfactory progress and attendance changes.

71. Veterans' Education and Employment Assistance Act of 1976, Report of the Senate Committee on Veterans' Affairs, 94th Congress, 2nd Session, Report No. 94-1243, September 16, 1976.

72. Oversight Hearings on All Forms of Federal Student Financial Assistance, Subcommittee on Postsecondary Education of the House Committee on Education and Labor, 95th Congress, 1st Session, May 25, June 1, 8, 9, 16, and 21, 1977, pp. 484-85.

73. Veterans' Education and Employment Assistance Act of 1976, Report No. 94-1243, p. 47.

74. Idem.

75. Ibid., pp. 47-48. The changes in educational formats, location, clientele, and philosophy, often subsumed under the label "non-traditional," are discussed more fully in Chapter 13. Many

represented a liberalization of traditional educational requirements for admissions, attendance, the award of grades, credit, and degrees--or even for identifiable classes and courses. As the system of veteran course approval and benefit determination was largely based upon traditional standards, difficulties were bound to arise, even without any deliberate attempt by veterans or institutions to exploit benefits as a means of subsistence.

76. Ibid., p. 48.

77. Ibid.

78. An accredited university, Northern Missouri, had contracted with Elba Systems, a for-profit correspondence school, to provide a two-year associate degree. The courses offered were similar to the corporation's correspondence courses. The cost to the student was \$2,107, of which the corporation received \$1,777. By November 1974, 13,000 veterans in 40 states were enrolled and received the same benefits as full-time students at the university's main campus, though the independent study enrollees attended class only one day a month. (See Veterans' Education and Employment Assistance Act of 1976, Report No. 94-1243, p. 92.)

79. Abuses in the Veterans Administration Education Benefits Program, p. 8.

80. Veterans' Education and Employment Assistance Act of 1976, Report No. 94-1243, p. 119.

81. Abuses...., pp. 8-9.

82. Ibid., p. 17.

83. Oversight Hearings on All Forms of Federal Student Financial Assistance, May-June, 1977, p. 497.

84. Veterans' Education and Employment Assistance Act of 1976, Report No. 94-1243, p. 47.

85. Ibid., p. 50.

86. The first provision required institutions to demonstrate that at least 15 percent of their students received no federal grants. The second required that, to qualify for veteran benefits, a school or branch must operate for at least two years.

87. As schools did not know how many students received other federal grants, those with over 35 percent veteran enrollment (about 95 percent of all schools) were excused from the computation. P.L. 95-502 did not permit VA to waive the two-year rule. Despite a Supreme Court ruling upholding these provisions, VA has notified the Congress that the inclusion of other federal funding in the 85:15 computation is no longer required and advised its rescission.

88. Veterans' Education and Employment Assistance Act of 1976, pp. 49, 50, and 319.

2. THE APPROVAL PROCESS: A SUMMARY GUIDE

The system by which state agencies approve schools, courses, and job training programs for veterans educational benefits is the most comprehensive, detailed, and expensive employed to establish the eligibility of schools and firms to participate in any federal student aid program.

It is the most comprehensive, because it embraces a larger number and variety of postsecondary educational and training sites than any other program. In fiscal year 1978, when Vietnam veteran enrollment had already declined from its 1975 peak, some 49,430 sites were approved--35,546 on-the-job and apprenticeship training sites, 8,540 certificate-granting vocational schools, and 5,325 degree-granting institutions (including hospital schools). It is the most detailed because it approves not only most schools (like the Office of Education eligibility system) but also most of their individual certificate and degree programs of vocational, professional, or general education. It also separately approves and monitors many branch facilities (in September 1978, 5,185 additional branches of degree-granting institutions and 671 branches of vocational schools). And it is far the most expensive because it does far more than any other system.

The history of the approval system, recounted in Chapter 1, shows that the critical shift from the school approval of the 1944 GI Bill to the current course approvals was instituted under 1950 and 1952 legislation as a measure to reduce abuse. Course approvals--and disapprovals--were introduced to eliminate avocational programs and confine benefits to serious courses of education and training; state approvals were adopted to protect state prerogatives and shield schools from direct federal control.

In 1978, approvals were conducted by some 500 staff of 80 agencies in 50 states, the District of Columbia, and Puerto Rico. Each agency normally responds to an informal request or "application" for approval, except in the case of job training programs, where it often takes the initiative in persuading an employer to train a veteran. When it approves a course, the state agency sends a "notice of approval" to the cognizant VA regional office and, then or later, also to the school.

Enrollment in an approved program is a necessary but insufficient condition for a veteran to receive benefit payments. The school must certify his enrollment in an approved program and sometimes in designated classes; and VA regional staff must determine that he has not exhausted his entitlement or his two "pursuits" (designated educational or vocational objectives). Most important, VA staff must accept the state's approval as accurate and complete--in full conformity to the requirements of the law, regulations, and the contract under which VA reimburses approval agencies for their expenses. This acceptance is signified by the completion by VA regional staff of a form (containing key information obtained from the state "notice of approval" and, if necessary, directly from the school) enabling regional adjudicators to determine the correct benefit rate for each approved program (see Chapter 4).

Although only the state has the legal power to approve schools and courses, until the regional office accepts an approval and authorizes the payment of benefits, the state's approval is, in effect, academic. Benefits may be backdated so as not to penalize veterans for the delay incurred when a regional office refers an approval back to the state agency for emendation. In serious cases, benefit payments may be stopped,

even if a school remains approved. This power of the purse gives the regional office a veto power over state approvals, but, because of its serious consequences, the power must be used sparingly.

The decentralized approval activities of the state agencies and the 58 VA regional offices are directed, supervised, and/or monitored (each word is appropriate for some but not all activities) by staff in the crowded VA headquarters or "Central Office" on Vermont Avenue in Washington, diagonally across Lafayette Park from the White House. Their organization and functions, including the approval of certain on-the-job programs and foreign schools, and their special relationship to the Congress are discussed in Chapter 3. Critics charge that VA has exceeded its statutory authority and is overregulating colleges and state approval agencies. Without prejudging the outcome of charges now being litigated in the courts (notably, the requirement of 12 weekly classroom hours for full-time benefits), we believe that VA has sought faithfully to implement the will of the Congress and that those who are dissatisfied with the consequences should address the Congress directly.

In each VA regional office, an often overworked "educational liaison officer" is responsible for reviewing and verifying state agency approvals and transmitting them to adjudicators. He (it is usually a "he") may also supervise the work of "compliance" staff who inspect schools' veterans files and records to ensure that they meet the requirements for participation in the GI program and match the information used by VA to calculate benefit payments. This work of regional educational and compliance staff and the recommendations of regional office directors and educational staff for improving the approval process are discussed in Chapter 4.

There were, in 1979, some 246 compliance staff and 58 educational liaison officers, some of whom had one or two professional assistants. Allowing for supporting clerical and secretarial personnel and for professional and clerical headquarters staff, about as many VA staff were engaged in approval and compliance work as the 500 professional and support personnel of state approval agencies. Although it is hard to separate VA "approval" and "benefit" activities, the total direct and indirect cost of state approval agency and VA regional and headquarters activities reasonably assignable to approval functions was about \$30 million in 1979. These costs do not reflect the contributions of government or private regulatory and certifying systems upon which the GI course approval system relies, such as the operations of state licensing agencies, the apprenticeship registration programs of the Labor Department's Bureau of Apprenticeship and Training, the Federal Aviation Administration's flight school certifications, the Office of Education's monitoring and recognizing of private accrediting agencies, and the operations of these agencies themselves.

As noted in the introduction, the Senate Veterans' Affairs Committee was interested in an assessment of the value of state licensing and private accreditation in the approval process. To do justice to either subject would require a special study and, indeed, two of us have earlier conducted such a study of the use of accreditation to establish eligibility for Office of Education programs. The nature, extent, value, and limitations of state postsecondary program authorization and institutional licensing are reviewed in Chapter 5. In general, public institutions and programs are authorized, while private schools (but less often, programs) are licensed. However, many accredited non-profit colleges have been exempt from licensure, which--like state CI

course approvals--is most complete and thorough for proprietary vocational schools. When state bodies authorizing and licensing various postsecondary sectors are nonexistent, weak, or fragmented, their creation, strengthening, and integration is often viewed as a solution for the ills of unregulated education. When they are present and strong, their threat to the freedom of education and their use to aid established schools against upstart, maverick, and out-of-state competitors becomes evident. Programs authorized annually by state boards responsible for public higher and vocational educational budgeting and planning are normally approved routinely by state approval agencies. Likewise, these agencies rely heavily on the work of state organizations which license colleges and proprietary schools--often the same organization is responsible both for licensing proprietary schools and for GI course approvals.

The effects of their placement in state government on the outlook, competence, and standing of state approval agencies are considered at the outset of Chapter 6, as well as in the sections of Chapters 4 and 7 that discuss the conflicts in which approval agency staff are involved between their loyalty to the VA and to state educational interests. VA regional staff are caught in similar conflicts. One day regional and state staff may mutiny. In some ways, they already have mutinied. Of course, direct orders are obeyed, no matter how reluctantly; but if troops in the field are fast, quiet, and cagey enough, they can avoid many orders and render others obsolete. There is little distinctive about this headquarters-field conflict; it is generic to most large, decentralized organizations.

State approval agencies are concentrated in departments of education and vocational education; their staffing, the allocation of their

staff time, and the formula upon which their budgets are based all give heavy weight to vocational programs. Whereas most veterans and benefit expenditures go to higher educational institutions, which have been involved in many current approval problems, especially those concerned with the accurate identification and equitable measurement of nontraditional courses, and in much litigation (detailed in Appendix B). One might say that state approval agencies and the VA are well staffed, placed, and equipped for the last war, which was fought against vocational schools, not the current war against colleges and universities.

Many features of the contract under which VA reimburses approval agencies for their work patently cannot be implemented fully and adequately. Among these are the requirements to inspect all branch facilities, to ensure that all courses meet all statutory and regulatory provisions, and that no advertising be "erroneous...or misleading." The fact that many provisions are drawn directly from the statute makes them no less impossible to administer.

Despite the statute's and VA's use of the term course approvals, most approvals at colleges and universities are degree program approvals based mainly on an examination of the college catalog. Regional office staff often criticized state approval agencies for failing to ensure school compliance with all approval criteria. But an academic institution can be as immobile as the Washington Monument and it can be futile or suicidal for a small state agency to challenge a powerful institution and perhaps even the policy of the state education department in which it is lodged. Relatively few approvals are withdrawn because of a school's failure to comply with the conditions of approval; many vocational schools have withdrawn from the GI program because of onerous paperwork requirements, especially the requirement that they

conduct a flawed survey demonstrating that half of their graduates were employed in fields related to their training. As veteran enrollment declines, more schools are likely to withdraw from the program unless its administrative demands are eased.

The approval process does not ensure that veterans take only good quality courses because it is difficult or impossible for government agencies to draw or enforce effective quality distinctions; approval criteria are more concerned with administrative practices than with quality judgments. With the best will and effort of all parties concerned, the task assigned to the approval process is unattainable even with a marked increase in resources: to certify to the educational quality and administrative probity of every course in every branch of almost every postsecondary school in the country, and the accuracy and timeliness of school records on the registration, course load, attendance, and progress of every veteran. The approval of programs at accredited schools by a simpler procedure, authorized under Section 1775 of the law, has helped to make the task more manageable (see Chapter 8). But regional accreditation attests neither to the quality of individual programs or branches nor to the effectiveness of institutional management. Large benefit overpayments have occurred at accredited institutions which enforced no meaningful standards of admission, attendance, or progress.

The state's power to license educational institutions does not extend to programs offered on military bases; as state law often exempts regionally accredited institutions from licensure, an accredited institution operating on a military base is doubly protected from state regulation. However, courses on military bases must still be approved by the state approval agency if veterans and servicemen are to receive

benefit payments. Since the state approval agency can require state licensure or authorization as a condition of approval, it can confer on the state licensing board a power over military base offerings that state law cannot grant. This situation and the dissatisfaction of the state board with the failure of regional accrediting associations to monitor extension branches is discussed in Chapter 9 on Approving Out-of-State Colleges.

The approval of flight schools (Chapter 10) is horrendously detailed, time consuming, and expensive. Whether state agency approval adds anything significant to, or largely duplicates, the work of the Federal Aviation Administration, state licensing bodies, and the VA regional office is an open question.

VA officials consider on-the-job and apprenticeship programs, described in Chapter 11, as highly successful in training and placing veterans. Their approval by state agencies is also highly costly, taking some \$5.6 million or 43 percent of the \$13 million 1978 cost of all state approval activities. However, there were almost three times as many approved job establishments (35,546) as schools (13,865), albeit the former trained only 93,600 veterans. Since establishment approvals provide a large portion of their budget, state agencies approve many inactive establishments and do much of the paperwork involved for the establishment. In some states, the emphasis is on the quantity, not quality, of approvals.

A conflict rages between VA and approval agencies in strong union states with Joint Apprenticeship Councils, which "register" only apprenticeship programs meeting the Secretary of Labor's standards. To broaden veterans' training opportunities, VA has insisted that the

state agencies also approve unregistered programs (frequently non-union). Approval agencies are reluctant to do so, believing that such programs provide inferior training and career prospects.

The school approval systems of the Office of Education and the Social Security Administration are examined in Chapter 12. The former has relied primarily on institutional accreditation and the latter, upon accreditation, state licensure, and state approval. This has been feasible because their student aid programs have not been concerned about students' specific courses of study. Nonetheless, both agencies have encountered abuses and have established additional regulatory and record-keeping requirements similar to, but less onerous than, those of the GI program.

The changes in the educational climate encountered by Vietnam era veterans are outlined in Chapter 13. Standards of admission, retention, and grading have grown laxer as colleges have grown thirstier for students. It is doubtful if all the regulations and regulators of all federal, state, and private agencies can withstand the tides of easy admissions, easy credits, and easy degrees which threaten to engulf much of academe.

The views of college administrators on VA and state approval agency operations are summarized in Chapter 14. Often they do not distinguish between state approvals and VA benefit determinations but, insofar as they (or we) do, their criticisms are directed at the latter. They complain about VA intrusion in internal academic affairs, the assessment of overpayment liability against colleges, the imposition on schools of responsibilities which should be placed on veterans, and the refusal to pay full benefit rates for nontraditional courses.

The many headaches which the identification, approval, and determination of benefits for nontraditional courses have created for colleges, veterans, state approval agencies, and the VA are recounted in Chapters 14 and 15. The latter, which reports on events at Evergreen State College, Washington, indicates the heights, or depths, of administrative absurdity which the current approval and/or benefit system can reach: the attempt to identify and evaluate for benefit purposes the hourly location each week and the assignments and papers of individual students each quarter in the academic year. Setting aside the issue of government intrusion into the heart of the academic process, this is, like many other features of the approval process, plainly unadministrable.

3. VA HEADQUARTERS

Since the first GI Bill, the VA has whipsawed back and forth between administrative liberality and restraint; between paying benefits promptly and giving veterans and educational institutions greater freedom to use these funds, and striving to control the misuse or abuse of benefits by veterans and institutions. These changes have resulted in large part from events and forces beyond the agency's control: from actions of the Congress, the Administration, school administrators, and veterans; from changes in education and in society. However, they have also resulted from actions and attitudes of VA staff.

There had never been federal educational expenditures of the magnitude of those following the first GI Bill.¹ Accordingly, there was no prior experience with the problems of administering an educational program of that scale and complexity. The Congress did not provide the staff, resources, or statutory safeguards which, in hindsight, appeared necessary to administer the program adequately. Concerns about possible abuses had evoked criticism of large federal bureaucracies and the response that the "sovereign states" would cope with abuses. The bill's managers apparently assumed that most states had adequate licensing agencies. Some thought the New York State Education Department typical of state education agencies, rather than the exception that it was and is. The dominant view was that the federal government should not "control" education or interfere with states' rights.

Education benefits were not expected to be vastly popular. It was estimated that 640,000 veterans would use them--the Army projected

a 7 percent usage rate. It was widely believed that veterans preferred jobs to school.² Ultimately, 7.8 million veterans received education benefits (2.5 million in the peak year of 1947), which consumed \$14.8 billion of the \$20 billion total cost of the GI Bill. (Other benefits included loans for homes, farms, and businesses; unemployment compensation; job placement assistance; and separation pay.)

The VA's modest administrative resources were overwhelmed; it had little authority to police the thousands of schools enrolling veterans. The result was a mess and a legacy of scandals and ripoffs that has haunted the agency to this day.

The Intermittent Education Service

VA educational and vocational rehabilitation services have seen numerous transformations. As one study noted, "VA policies and procedures...tend to show the same...patchwork accretions as the governing legislation they implement...."³

When initially established, the Vocational Rehabilitation and Education Service was one of twelve line offices, with authority for educational affairs in the field offices as well as headquarters. (During the peak years after World War II, thirteen VA branch offices ("miniature VA's") exercised intermediate-level control over the field offices in their territory. As benefit usage declined, this arrangement was abandoned.)⁴

A 1952 Booz-Allen Report noted the problem of gearing up to the demands of a massive program:

In great part, problems of tremendous growth underlay the difficulty in achieving economical and orderly administration of the program. The agency had just 12 months to ready itself for the

unexpected avalanche of applications which descended on it in 1945. Plans had to be made, staff recruited and trained, schools and training establishments found and indoctrinated, and a nationwide organization, supported by required services, set up in that short time.⁵

In 1964, the Vocational Rehabilitation and Education Service was placed in a new Department of Veterans Benefits (DVB), one of the three major departments into which the twelve line offices were consolidated, the others being the Department of Medicine and Surgery and the Department of Data Management. A Compensation, Pension and Education Service was established within DVB and, in what some view as "the rise of the adjudicators," the Vocational Rehabilitation and Education Service was incorporated into the new service at both the national and regional level.

Regional adjudication divisions had been established and assigned responsibility for the three main kinds of benefits: pensions, compensation for disabling conditions, and education. By handling all benefits together, a more efficient use of staff was anticipated in a period of low usage. Acquisition, rather than merger, might better describe what happened to the education program.⁶

In 1966, Congress enacted the Vietnam Era GI Bill, over Administration objections. When initially proposed in 1964, it had been a peacetime bill and the new act did not, like its two predecessors, establish a separate education division. In an evident desire to hold down administrative costs, the earlier experience with fraud and abuse was disregarded. The administration of education benefits remained with the adjudication division and few additional staff resources

were provided. An Executive Assistant for Education was, however, designated in the Compensation, Pension and Education Service; and in 1969, he was given increased control over the then burgeoning education benefits. Still, only six Central Office staff were assigned to the education program.

In 1972, when almost 1.2 million veterans were receiving education and training benefits, an Education and Rehabilitation Service was formed in the Department of Veterans Benefits to develop education and vocational "policies, plans, and procedures." Their implementation remained the responsibility of the multi-purpose field office adjudication divisions.⁷

Fraud and Abuse

In 1973, a major study of the three GI Bills was conducted by the Educational Testing Service. In his letter of transmittal, VA Administrator Donald Johnson stated:

The Report finds that today's veterans' educational assistance program is relatively free of abuse. It states that abuses appear to have been more serious and more widespread in the World War II period than in either the Korean conflict or the Vietnam Era periods, and that the VA's administration of educational benefits continues to improve in terms of safeguarding against abuse.⁸

That statement proved premature.

Many veterans were encountering difficulty in getting their benefit checks. The VA computer was identified as the villain. For a check to be written, an appropriately punched IBM card had to be properly entered. Mispunched cards and safeguards against abuse built into the computer program led the mulish machine to reject the check.

As protests grew--angry veterans seized the New York regional office and marched on the Minnesota state capitol--and Congress lost patience, pressure built to shortcut the system and get the checks out. Congress authorized prepayment (payment at the beginning rather than the end of the month) and the expanded use of advance payment (whereby a two-month payment could be made at the start of a school term, when tuition and fees were due).

These liberal disbursement practices produced large overpayments, which many called a scandal. The General Accounting Office report, Educational Assistance Overpayments, A Billion Dollar Problem..., stated that in the 9-1/2 year period ended December 31, 1975, VA made almost \$1.4 billion in educational assistance overpayments. Overpayments rose from \$50 million in 1972 to \$466 million in 1975 and the GAO feared they would reach \$823 million in 1976.⁹

VA now moved to tighten its disbursement practices and to improve the accuracy and timeliness of the information on veteran enrollment and attendance upon which they were based. The GAO had assigned blame to all parties--veterans, the schools, the state approval agencies, and the VA--for the failings of the information system. In fact, it quantified the causes of overpayments as follows: veterans and schools (delays in reporting status changes), 41 percent; VA (advance payments, prepayments, processing delays and errors, special payments), 43 percent; schools and VA (normal processing time), 16 percent. The one party notably overlooked was the GAO's patron, the Congress, though the report assigned half of the VA-caused overpayments to the advance payments and prepayments mandated by Congress in 1972.¹⁰

The Education and Rehabilitation Service

The Education and Rehabilitation Service (ERS) comprises four sections dealing, respectively, with: Operations, Procedures and Systems, Policy and Program Administration, and Counseling and Rehabilitation. The last is responsible for policies dealing with the rehabilitation of disabled veterans.

Prior to its 1964 merger, Vocational Rehabilitation and Education had had both line and staff responsibilities. However, ERS was established in 1972 solely as a staff arm at headquarters, with an evolving technical assistance and training function to improve the capacity of regional VA and state approval agency personnel.

Operations

The Operations section consists of three units concerned with central office operations, field operations, and compliance surveys.

Central Office Operations

This unit is responsible for headquarters' course approvals, distributing a list of approved correspondence courses, and negotiating contracts with state approval agencies.

Acting as a national approving agency, it has statutory authorization to approve: foreign institutions; predischARGE education programs overseas and on shipboard (the latter are now dormant); military installation flight training clubs; training and apprenticeship programs conducted by interstate carriers or located on federal installations; federally operated schools; and schools on U.S. territories. (The foreign school and job program approvals are discussed later.)

In addition, if a governor does not designate a state approval agency or an agency fails to discharge its obligations, the VA is authorized to do so. Of late, VA regional offices have taken over the approval functions in the District of Columbia and (for apprenticeship programs) the State of Washington.

The District's approval agency for colleges and vocational schools had long been a target of VA discontent (job establishment approvals were handled by a separate agency). Staffed by one low-graded professional with little help, it could not do an adequate job. After a D.C. reorganization, the District government asked the VA to assume responsibility for approvals, provided that it later be returned, upon request. The VA agreed and the VA regional office for the District undertook this responsibility.

In the case of apprenticeship programs in the State of Washington, the designated approval agency, the Department of Labor and Industries, could or would not, under state law and regulation, establish non-registered (usually, non-union) apprentice programs which VA law and regulation required. The dispute simmered for half a dozen years. According to a state official, the department was about to yield, when the VA finally lost patience and assigned responsibility for apprenticeship approvals to its Seattle regional office staff; the state remained responsible for on-the-job approvals.

Correspondence school courses are approved by the agency in the state where the school is located. However, as the courses are offered to veterans in many states and VA regional offices are responsible for

sending benefit checks to veterans in their territory, Central Office staff distribute a list of all correspondence courses approved by state agencies.

An important function of this office is negotiating state approval agency contracts.

While the 1944 Servicemen's Readjustment Act relied upon the states for program approvals, VA regional personnel had to help them discharge this function when they lacked the necessary funds and staff. In 1946, P.L. 679 authorized the VA to reimburse state and local agencies for these services, but not until the Korean GI Bill of 1952 was it authorized to contract for them. Later amendments provided for salary and travel expenses and a formula-based administrative allowance.

The contracts focus on reimbursing (and limiting) the state agency's expenses and detailing its responsibilities. They also include fairly standard clauses on contract termination, equal employment opportunity, and other federal policies.

The contract form is not negotiated separately with each agency; its provisions are discussed and revised by representatives of the VA and the National Association of State Approving Agencies. Each state computes its estimated reimbursement, entering the number of approvals and supervisory visits projected for the following year on common worksheets. An additional administrative allowance, not part of the contract, is calculated on a statutory formula based on the reimbursable salary costs. The final total is set by the VA after reviewing the worksheets and available appropriations; if additional funds materialize later in the fiscal year, supplementary allocations may be made.

A few state agencies are not under contract at all. For example, the Washington state agency approving high-school courses, and the Delaware and District of Columbia approval agencies contributed their services without VA reimbursement.

Upon receipt of a signed contract, VA staff check to see if the requested reimbursement is supported by the projected workload data. If not, they may ask for additional justification. In fiscal 1978, a third of the contracts over \$50,000 required further explanation, secured by regional offices.

When all matters are settled, the contract is "signed off" by the Director, Education and Rehabilitation Service; contracts for \$50-\$100,000 are reviewed by the Department of Medicine and Surgery; and those over \$100,000 by the General Counsel. The number of contracts and their increasing scrutiny has made it difficult to reach speedy agreement, and about half of the new contracts have not been ready at the beginning of the fiscal year (October 1). In these cases, the terms of the old contract are extended until the new one is signed.

The VA is specifically proscribed from controlling any state agency or educational institution. "No department, agency, or officer of the United States, in carrying out this chapter, shall exercise any supervision or control, whatsoever, over any State approving agency, or state educational agency, or any educational institution" (Title 38,

Sec. 1782). It has limited ability to affect the performance of state agency staff. The most severe actions, to withhold approvals or return them to the state for further review, interrupt or jeopardize veterans benefits. The assumption of direct responsibility for approvals has been rare. Were it to become more widespread, it would invite a political confrontation with the states and schools (and require an increase in regional office staffs and budgets). Hence, as a practical matter, the VA must ultimately accept state approvals, virtually duplicate the work of state staff, or undertake a protracted process of mutual negotiation and education. To some extent, it does all three.

As an agency with a distinct military flavor, the VA has sought to obtain stricter state approvals and to get state staff to monitor school practices and paperwork more strictly. The contract has become an important means of promoting these goals. Some say that Section 1774 provides the necessary authority:

(a) The Administrator is authorized to enter into contracts or agreements with State and local agencies to pay...for reasonable and necessary expenses...in (1) rendering necessary services in ascertaining the qualifications of educational institutions for furnishing courses of education to eligible persons...and in the supervision of such educational institutions, and (2) furnishing, at the request of the Administrator, any other services in connection with Chapter 34 and 35.

Others believe that the use of contracts to promote good management is within the normal authority of any executive agency.

Several factors have led to the effort to strengthen the contract and make its provisions more detailed, including public and Congressional concern about benefit abuses by schools and veterans, the strengthening of regional office compliance staff, and, perhaps, the

declining number of veteran students which weakens the position of state agencies and enables VA to ask more of them if their contract funds are not to be markedly reduced. The decreasing number of beneficiaries may enable VA and state staff to pay more attention to systemic problems of the approval system. The extent to which the cry of "states' rights" retains its force or has been weakened by over \$80 billion in annual federal aid to state and local governments is an open question.

Field Operations

This unit:

- o Conducts quality reviews of regional office education activities and makes recommendations for improvement;
- o Staffs the Education and Training Review Panel, a body to which schools can appeal adverse regional office approval decisions;
- o Cooperates with the Department of Health, Education, and Welfare in monitoring the compliance of vocational programs with Title VI of the 1964 Civil Rights Act;
- o Responds to General Accounting Office and VA Inspector General reports; and
- o Handles some educational inquiries and communications coming to the Central Office from Congress, federal and state agencies, the educational community, and the public.

The regional office reviews have absorbed most of the time of Field Operations staff. These reviews, which usually involve a week's visit to a regional office, are essentially internal performance audits which also afford an opportunity for informal training. The resultant recommendations are not directly enforceable by ERS, but may be acted on

by the three VA regional field directors or the Chief Benefits Officer.

Before a field visit, staff obtain designated approval and compliance folders from the regional office and review them to identify errors or omissions. With this analysis in hand, a staff member visits the regional office to examine and discuss their educational activities. Some time is spent observing and working with regional staff as they carry out their duties. Suggestions are offered for improving procedures, records, and reports. Before leaving, the staff member will brief the regional office director on his findings. Upon returning to Washington, he will prepare a report on these findings and draft recommendations for the signature of one of the three regional field directors with line authority over the 58 regional offices.

Compliance Survey

After the state agencies have approved education and training courses, VA regional staff are responsible for assuring that the approved schools and courses, and the approval documents themselves, conform to the provisions of VA statutes and regulations. Until 1974, this function was discharged by regional adjudication staff. To give it greater emphasis, it was then shifted to another division--unfortunately leaving behind most of the adjudicators with compliance experience.

To remedy this situation and deal with abuse and overpayments problems, a Compliance Survey Program unit with four staff members was formed in 1976. The staff are responsible for training regional compliance and educational liaison personnel and providing guidelines

and forms for their use. They may also conduct special compliance surveys on their own initiative. The four staff members aim to visit all regional offices every two years; unfortunately, the turnover of regional education staff may make it necessary for them to start training afresh.

Procedures and Systems

This section is responsible for adding, deleting, and amending the educational benefit sections of the VA manual; and for managing the computer information system employed in the educational benefits program. Like the Office of Education (or Laocoon and his sons), the VA is in a constant life and death struggle with its ensnarling computers.

In 1972 and '73, when one of us sought information on the universe of higher educational institutions and vocational schools approved for veterans benefits, the VA computers balked and it was necessary to send a questionnaire to all state approval agencies to obtain the information. In the current study, the computers have been more helpful, but their behavior can be improved further. Their prodigious capacity is employed primarily to track information on the benefit status of individual veterans and, secondarily, to serve the needs of regional offices in paying and monitoring benefits. Their use for analytical purposes such as providing information on the number of beneficiaries at designated kinds of institutions and schools, and at specific institutions, could be much improved. And the VA classification of schools and institutions is at best quaint and sui generis.

For example, "institutions of higher learning" are classified into four categories: 1. university, college, professional or technological, 2. hospital, 3. teachers college, and 4. junior college, rather than by the highest degree offered; hence, information on universities or four year institutions is not separately identifiable. The accredited or unaccredited status of institutions and schools is not coded. The coding of vocational schools could be much refined.

The standard computer printout is by state, city alphabetized, and only then, nearby schools, institutions and on-the-job establishments, alphabetized, an arrangement that may be useful to regional office staff, but only to them; an alphabetized printout by institutions should certainly be added.

Like other atavisms, the VA language, incorporated in the law, regulations, manuals, and data systems, doubtless made sense at the time of its birth decades ago. But its perpetuation in the administration of the GI program and the minds of VA and state administrators serves to separate them from educators and common citizens. "Proprietary" is applied to nonprofit as well as for-profit schools; "IHL"--"institutions of higher learning"--is used instead of the more common "higher educational institutions," suggesting that colleges are still primarily places of scholarly and gentlemanly learning; "NCD"--"non-college level"--is an important but clumsy category for postsecondary, clock-hour vocational programs. A more contemporary and comprehensible language might lead to a more contemporary educational outlook, or at least a clearer comprehension of VA administrative and policy problems and choices. It would also help to render VA educational data and concepts more

comparable with those of the Office of Education and the postsecondary educational and research community.

As George Arnstein observed in 1974, VA has not had the staff, mandate, or disposition to conduct or sponsor research and analysis of the nature and effects of its massive programs and how they might be improved.

...we have the largest federally funded program of student aid without any serious attempt at evaluation....We have a program intended to help veterans overcome the interruptions of their lives and their education while serving their country, and we know very little whether the G.I. Bill is the best way of overcoming this interruption.

We have opinion, praise, popularity [and, more recently, criticism]... but we have very little in the way of data and analysis.

....Provisions encouraging the VA to undertake research should include provisions for systems analysis and design, possibly leading to a newly designed G.I. Bill which will more nearly reflect the educational practices of 1974, rather than 1952 or even 1944.¹¹

VA has absorbed much of the military's sense of command and control, but not its extensive and sophisticated data systems, program evaluation, and policy research resources. The situation has improved somewhat since 1974, partly as a result of a series of Congressionally mandated studies. But, overburdened with pressing administrative tasks, VA staff have had little time for detached program analysis and policy research and open discussion with their state, educational, and veteran constituencies, in a relaxed intellectual spirit, without concern for established positions.

Policy and Program Administration

The staff members of this section are responsible for much of the interpretation of VA education statutes and regulations.

The Policy unit--the name is somewhat misleading--drafts education regulations, which either implement statutory provisions or

derive from the VA's broad program management authority, and circulates them for comment. The workload is highly elastic, depending on the legislative output of the Congress; the 1976-77 period was particularly busy due to the passage of two omnibus veterans acts.

After comments have been received, revised regulations are circulated within the Central Office and, with the Administrator's approval, published in the Federal Register with comments invited within a 30 to 60 day period. When, as in 1976-77, the preparation of regulations is delayed, circulars (which do not have the same legal force) may be issued in the interim.

The Program Administration unit provides regional and state personnel with advice and interpretations of regulations, circulars, and other directives. The volume of inquiries is also substantially determined by the flow of legislation and regulation.

Inquiries indicate the problems experienced in the field, the regulations which create administrative difficulties, the areas in which information or training may be needed, and, more broadly, emergent policy issues. They are handled on a case by case basis, and similar inquiries from different states or about different institutions may require different answers. Until 1972, this unit was largely occupied with complaints from veterans who failed to receive benefit payments.

As more emphasis was placed on compliance surveys and the regulatory demands on schools and state agencies grew, so did the demand for regulatory advice. At one time, an information bulletin was circulated to the regional offices with advisory opinions of national significance. However, Central Office staff felt that the resultant

tendency to generalize advice geared to local circumstances created much confusion. The bulletin was dropped, largely because of the heavy workload that followed passage of the 1976 and 1977 legislation.

Six staff members handle the phone or letter inquiries. About half of these still concern the problems of individual veterans, such as not receiving a check. State agency officials raise questions about approvals; regional staff ask about benefit measurements (such as how various kinds of independent study courses should be treated for benefit purposes); Congressional offices forward inquiries from veterans or schools.

As educational benefits have attracted much Congressional and public attention, the General Counsel's office has come to play a larger role in educational affairs. With the dramatic increase in school litigation (see the appendix on Litigation)--of late, 90 percent of the VA's litigation has been in the education benefits program--the General Counsel has been increasingly drawn into education policy development.

A Court of Late Resort

The Central Office is the court of last, or late, resort on many issues, before they are taken to the real courts where many institutions have gone in the last few years. If a regional director disagrees with the findings of a regional Committee on Educational Allowances, the case automatically goes to headquarters, where it can also be appealed by a school. However, schools have no direct way to appeal a state agency's disapproval nor can VA reverse a disapproval, though it can approve a course if the state does not act on an application.

Regional offices and state agencies may each go to the Central Office to resolve a dispute. On the one hand, VA is barred by law from exercising "any supervision or control, whatsoever, over any State approving agency...." On the other, VA is responsible by regulation (14152) for determining if a state agency is complying with the law, and may withhold contract payments for failure to comply with the law or contract. But it is no easier to impose meticulous compliance upon an unwilling state agency than an unwilling school-- VA has rarely withdrawn a contract and undertaken direct approvals. The outcome can be a fatiguing conflict in which a recalcitrant state agency gives grudging compliance and heaps much work on the regional office. Such a situation can continue until the liaison officer or state agency director changes, and/or a treaty of peace is negotiated.

One state agency director complained that, "If we request an opinion from CO [Central Office], the only side which goes up is that of the regional office. We should have a chance to comment on their submissions." However, he proceeded to recount how, after the regional office questioned an on-the-job program approval and was supported by Central Office staff, "I wrote straight to Andy Thornton [Director of the Education and Rehabilitation Service], who backed me up; four times we did that and won each time." Some agency directors believed that the Central Office would always support the regional office; and some liaison officers held the opposite opinion. "The regional office director says, 'Don't get into a fight with the state approving agency because they'll win every time'--" "Not so," a Central Office staff member rejoined. "One regional office has won ten out of ten appeals." It is impossible to assess such remarks

without knowing more about the specific cases and the position represented by each side.

The Central Office has taken a strict view of the law and regulations and pressed state agencies and regional offices to do the same, though it can be more difficult to succeed when both are united against Washington. A regional office, state agency, and local schools may work out an agreement--on a method of reporting termination of attendance or of calculating the 85:15 rule or the benefit rate for nontraditional courses--only to have it ~~countermanded~~ by Washington staff (if they learn of it). Many college officials would like to see regional offices granted more discretion in interpreting and implementing regulations. "The regional office people have little flexibility," a senior administrator in a state university system office observed. "They should have more. It is having to deal with those clowns in Washington, who don't understand the situation, that makes for problems." "Our relations with the _____ regional office are excellent," said a college dean. "All our troubles [over benefits for nontraditional courses] have been with the Central Office. The...[state approval agency] gave us approval....The regional office...have been careful to review our program and advise us on how to present it." "We have no complaints against the regional office," said the president of another college in the same state. "They're fair and helpful. My complaints are with the Central Office."

One reason for the legalistic attitude of headquarters staff, it has been suggested, is that a number are lawyers. VA staff "has traditionally been composed of lawyers and quasi-legal professionals. Individuals with actual experience in the education field have been weakly represented on the staff."¹² There may be something in it, but the explanation is too simple to be persuasive; and in 1979, only

5 of 77 ERA staff were lawyers. We are more inclined to attribute the "strict constructionism" of headquarters to other factors: to a quasi-military sense of discipline and obedience to duly elected and appointed authority, the law of the land, and the conservative educational philosophy reflected in it; to a wish to economize on educational expenditures--almost all headquarter rulings which are characterized as "strict" have the effect of reducing, not increasing, expenditures; and an attempt to remain in control of a program whose administration, highly decentralized to state and regional agencies and school officials, might otherwise (it is feared), come completely apart.

Foreign Course Approvals

Veteran beneficiaries may receive educational benefits abroad as well as at home. Courses at foreign branches or extensions of American schools must be approved by the designated state agency for the home campus; those at foreign schools, by the VA Central Office. The proportion of beneficiaries at the latter schools has been declining (Table 2).

Table 2

Veteran Beneficiaries at Foreign Sites, 1974-78

Fiscal Year	Number of Beneficiaries* at Foreign Sites			Percent at Foreign Schools
	Total	U.S. Schools	Foreign Schools	
1974	30,177	27,427	2,750	9.1
1976	36,372	35,114	1,258	3.2
1978	20,888	20,192	696	2.4

*Includes veterans, servicemen, children, spouses, and widows (Chapters 34 and 35). The number at foreign schools is based upon VA staff estimates.

American Schools Abroad

"We don't know what's going on there at all, " said one state agency official of overseas offerings by American institutions, largely at military bases. For example, in 1978 Central Texas College offered courses at over 100 branches in Europe, Korea, and ships at sea; the University of Maryland, at 146 foreign sites, enrolling 5-6,000 servicemen and other beneficiaries in a typical eight-week term. The courses were approved by the Maryland state approval agency based upon descriptions in the university catalog. Neither the Maryland nor the Texas approval agency visited the overseas sites, nor did the VA regional offices conduct compliance surveys there. Certifications of students at foreign branches of the University of Maryland are sent from a central processing point such as Heidelberg or Tokyo to the main campus at College Park, where the term has often ended before the university's certifying officer can complete his work.

Foreign Schools

In theory, the approval of courses at foreign schools is somewhat more stringent. Benefits are restricted to persons enrolled in degree programs. A VA pamphlet, Foreign Training for Veterans, Inservice Students and Eligible Dependents, lists some 1,000 foreign schools with at least one approved course; about 100 schools had beneficiaries enrolled in 1979.

A foreign school applying for approval to the nearest U.S. foreign service post submits two copies of its catalog and a completed application form. The form asks for the institution's name and address; the name and title of its certifying official; the language used in conducting classes; the sponsoring organization (such as the Ministry of

Education; a provincial, county, or municipal body; or a church or religious order); the authorizing or licensing authority (usually, the Ministry of Education); and the name, prerequisites, and length of each course or program for which approval is sought.

In addition, the institution agrees to charge no higher tuition and fees than those for other students of similar circumstances; to maintain a record of the student's progress and notify the VA (through the nearest U.S. embassy or consulate) promptly if his conduct or progress is unsatisfactory or if he interrupts or discontinues attendance, with the date and reason; to keep a record of previous education and inform the VA of the credit given for it; to send the VA copies of new or revised catalogs, and permit it to examine the veteran student's records.

The foreign service officer forwards the material to the VA Central Office where a staff specialist examines it, consults directories such as the Commonwealth Universities Yearbook or the International Handbook of Universities, occasionally makes further inquiries, and either issues or denies approval. Portions of the catalog may be translated. In the Philippines, courses are approved by the VA regional office in Manila.

By and large, the approval process is routine, serving mainly to verify that an institution is administered or recognized by a government ministry and that its policies and courses are described in a catalog. Clearly, the process is laxer than at home, especially in the lack of supervisory or compliance visits by state or VA staff and an effort to ensure that institution records, reporting, and catalogs meet VA specifications. However, on at least one recent occasion, the VA has been strict.

Foreign Medical Schools

Foreign medical schools are of diverse quality, judging by their admission standards and the performance of their graduates on U.S. examinations; usually they offer less supervised clinical experience than American schools. In recent years, both VA and the Office of Education have had to determine if medical schools newly established in the Caribbean area should be eligible to participate in their student aid programs.

In November 1978, VA adopted the position that approval for foreign medical schools should be based on the performance of their graduates in U.S. licensing examinations. This policy was enunciated in an instruction to foreign service posts:

An application from a foreign medical or dental school for approval of its first medical or dental degree program must contain clear evidence that at least 75% of its United States' citizen graduates in the preceding two year period who have applied for licensure to practice medicine or dentistry in a State have been granted such licensure.¹³

The policy was implemented the same day in a letter from Andrew Thornton, Director of the Education and Rehabilitation Service, denying approval to a new foreign medical program.

The Veterans Administration may deny the educational assistance of any eligible person in a foreign educational institution if it finds that such enrollment is not in the best interest of the eligible person or the government. As the purpose of most American students enrolling in foreign medical schools is to return to the United States to practice medicine, we require evidence that graduates of your degree program would actually achieve successful licensure.

We would be pleased to reconsider our determination, therefore, after your school graduates two classes from your 9 semester degree program. At that time, you should submit clear evidence to demonstrate that at least 75% of your graduates who have applied for licensure to practice medicine in a State have been granted such licensure....

In addition, we note from the Student Handbook...that the sixth through ninth semesters of your medical degree program comprise clinical training. There is no indication where this portion of your medical degree program will be offered, by whom it will be offered, of what it will consist (in detail), and when it will begin. In this connection, you should be aware that only complete degree programs may be considered for approval outside the United States.

Since the new guidelines were adopted, the VA has also withdrawn approval for new veteran enrollments from one foreign medical school.

The 75 percent success rate in licensing examinations may be compared with the success rate of 40 percent in examinations given by the Educational Commission for Foreign Medical Graduates in 1976 to 2,159 foreign-educated U.S. citizens. Virtually all graduates of U.S. medical schools ultimately pass their licensing examinations; in recent years, 88 percent have passed Part I and 97 percent, Part II of the examination at their first sitting.

The Office of Education Deliberates

In 1979, over 200 foreign medical schools were eligible to participate in the guaranteed student loan program administered by the U.S. Office of Education. As of February 1978, some 3,124 students with guaranteed loans were enrolled in 105 of these schools. In July 1977, OE rejected the application of a proprietary medical school for loan program eligibility.irate parents and students protested that OE and the American Medical Association were conspiring to curtail the opportunities of Americans to study medicine abroad; the validity of OE practices in approving foreign medical schools was also challenged. These practices are based in part, if not whole, upon the listings in the World Health Organization World Dictionary of Medical Schools, which, in turn, reflects the submissions of governments.

In March 1978, the OE Advisory Committee on Accreditation and Institutional Eligibility heard from a special panel of OE consultants and accepted its recommendation that the eligibility of foreign medical schools be based upon the record of its graduates on the examinations of the Educational Commission for Foreign Medical Graduates (ECFMG).

It is the Committee's recommendation that only schools whose students, as a group, achieve pass rates equivalent to the minimal Medical Board pass rates of students graduating from medical schools in this country should be eligible for guaranteed student loans....

The intent is that the foreign medical schools, in order to become eligible institutions...should produce as high a percentage of passing students as the medical schools in this country with the lowest passing proportion. This would assure that, from the regrettably limited perspective of medical knowledge, the student has been adequately prepared, at least to the minimum level of medical education in the United States. Further, the Committee recommends that no medical schools should become eligible until the scores of its graduates are available for a three year period....

This recommendation is made with the understanding that...while the recommendation is limited to medical education provided to students studying abroad, this problem exists as well in other fields, such as law and dentistry....

In April 1979, OE proposed regulations for foreign medical school eligibility under which a school must have graduated at least two classes whose U.S. graduates taking the ECFMG exam for the first time had a pass rate of 95 percent. The school must also be listed in the World Health Organization directory and be recognized by its country's evaluating body.

The difference in VA and OE operating styles is striking. At VA, a decision was made to alter policy. No outsiders were formally consulted and no formal regulation has yet been issued. At OE, the issue was presented to a standing advisory committee, which based its judgment on the report of an ad hoc panel of experts. The Commissioner deferred action; a third advisory committee was convened;

and a series of staff meetings were held to consider policy alternatives and draft regulations.

An Embassy Suggestion

An August 24, 1977 memorandum from an official in the U.S. Embassy in London offers a suggestion for a more uniform system of approving foreign institutions for American student financial aid.

Many of these students are having difficulty in obtaining...benefits, especially from the Social Security Administration, but also under the Guaranteed Student Loan Program. These problems have seriously inconvenienced the students, angered some key British educational administrators, and (in one instance) led to a Foreign Office complaint to the Embassy. Up to now we have been dealing with the problems ad hoc, but feel the time has come to seek a more general solution....

U.S.G. [U.S. Government] agencies required to evaluate foreign educational institutions (usually without adequate investigatory resources) have tended to reflect a traditional British attitude, that only universities offer "genuine" higher education. The Veterans Administration, with a relatively flexible and sophisticated approval procedure, is the only clear exception here, and VA-supported students have few problems.

We believe that, by American standards, the old British distinction between universities and other higher education institutions is no longer real, and in fact survives mainly as a prejudice among some segments of British society. Those institutions accredited by the U.K. Council for National Academic Awards (CNAA)--the major official British certifying body in higher education--include most of Britain's polytechnics and its better colleges of art, education, and technology.

As a first step towards resolving present misunderstandings, the Post would appreciate the Department's assistance in ensuring, through consultations with the U.S. Office of Education..., the Social Security Administration, and other relevant agencies, that all CNAA-accredited British institutions of higher education are included on existing "approved" lists....

The CNAA is not itself an educational institution....It is roughly comparable to an American accrediting body, but its procedures for certifying and supervising its member institutions are much more rigorous. The CNAA Council sets general policy and academic standards, but its day-to-day work is carried out by a large number of Subject Boards and Panels. CNAA certifies not only institutions as such, but also each individual course for which each institution proposes to offer a degree. CNAA's very active role is suggested by the fact that during 1976, its Subject Boards considered 776 courses, but approved only 492 of these.

Discussion

The approval of courses and schools in foreign countries poses in more extreme form issues similar to those faced by approvals in the U.S. Course approvals at American colleges and universities can be every bit as routine and perfunctory as those overseas, relying on a paper application and catalog review. And a strong American institution can be as shielded from effective scrutiny and administrative change (by its traditional freedoms; by powerful alumni, legislators, and Congressmen; and perhaps most of all, by its ponderous and decentralized character) as are most foreign institutions by their remoteness and the cost and diplomatic delicacy or impossibility of inspections. Nonetheless, American institutions are inspected by VA compliance staff and, even when state supervisory visits are mere courtesies, can be monitored via information from students, the press, state authorizing bodies, and other sources.

The overseas branches of American institutions were an island of ease in a sea of discipline. To be sure, on-site inspections would be costly. Perhaps these branches were also indulged in deference to the military, and a feeling that servicemen, who must endure other privation, should not be deprived of easy college credit.

Mainly, we imagine, foreign institutions benefit from their obscurity. It is inconceivable that they meet all VA regulations; but what we don't know need not trouble us.

The Caribbean medical schools have received too much attention to be ignored. The equity of the 75 or 95 percent examination passing rate rule may be debated. Why apply to foreign schools a criterion which domestic schools need not meet? And why punish or reward one class of students for the performance of preceding classes? A court might deem that discriminatory.

The suggestion of the embassy official may be useful in Britain, but offers little help for course approvals in other countries which have no counterpart to the Council for National Academic Awards.

Job Training Approvals

Section 1772 of U.S. Code 38 provides:

(b) The Administrator shall be responsible for the approval of courses of education offered by any agency of the Federal Government authorized under other laws to supervise such education....

(c) In the case of programs of apprenticeship where

(1) the standards have been approved by the Secretary of Labor pursuant to Section 50a of title 29 as a national apprenticeship program for operation in more than one State, and

(2) the training establishment is a carrier directly engaged in interstate commerce which provides such training in more than one State,

the Administrator shall act as a "State approving agency"...and shall be responsible for the approval of all such programs.

Approval responsibility is lodged with the director of the Education and Rehabilitation Service, who must insure that programs meet all of the law's requirements. Direct VA approval is limited to on-the-job training (OJT) and apprenticeship programs offered by an agency or instrumentality of the federal government and national apprenticeship programs offered in more than one state by carriers engaged in interstate commerce. Program approvals in companies operating in more than one state remain the responsibility of the approval agency in the state where each facility is located.

An approved establishment may have several programs, and VA does not keep track of the separate programs it approves, or the number of active and inactive sites.¹⁴ It has approved programs for over 75 federal agencies or bureaus ranging from the Bureau of Standards to the Smithsonian Institution, as well as OJT and apprenticeship programs in Guam and the Canal Zone (Table 3).

Table 3

Number of Sites Approved Directly by VA, Fiscal Year 1978*

<u>Site</u>	<u>Number</u>
Navy	125
Army	65
Air Force	25
Coast Guard, Merchant Marine	5
VA hospitals	25
Other U.S. hospitals	10
Other federal agencies or instrumentalities	75
AERO flight clubs at military bases	50
Guam	25
Canal Zone	10
Railroads	10
Other sites	12
Total	437

* Estimated; includes approved courses (at flight clubs, Guam, and the Canal Zone) as well as job establishments at the other sites.

OJT Approvals

Before the VA will consider an OJT program, the federal agency must submit a request showing a detailed training plan, including work processes and related training, the wage and advancement schedule, and information to show how the formalized training is to be conducted. Programs must be designed for all eligible veterans and not for the training needs of a particular individual. In accordance with Section 1777, Title 38, the VA may only approve an OJT program in which progression and appointment to the next higher classification are based on skills learned through organized and supervised training on the job and not on such factors as length of service and normal turnover. It must also be found that the training is adequate

to qualify the veteran for the job for which he is being trained and that the job customarily requires full-time training for not less than six months or more than two years. Related instruction must be provided for the individual veteran who may need it. In general (except in rehabilitation programs) the VA will approve only courses that take a trainee to the normal entry level.

Upon receipt of an approval request, the VA must first determine its jurisdiction, not always a simple matter. Courses not actually offered by a federal agency, but by an independent contractor using federal funds, may come under the jurisdiction of a state approval agency. Training for unskilled or common labor jobs and clerical positions is not eligible. Having established their jurisdiction, VA staff check the approval request against the requirements of Section 1777 and VA regulation 14262, corresponding with the agency to obtain any necessary additional information. No site visit is made. VA staff maintain that federal programs can usually be depended upon to meet requirements: "A program offered by a federal facility is usually a 'safe bet.' It's the same thing as publicly operated schools getting less attention from state approval agencies."

Notice of approval is sent to the agency involved and to the appropriate VA regional office. Upon receipt of VA approval, the regional office contacts each training site to explain VA enrollment and certification procedures. The reports of compliance surveys conducted by regional offices are sent to the Central Office.

Apprenticeship Programs

While fighting to prevent state agencies from limiting apprenticeships to registered programs, the Central Office actively encourages registration for the programs it approves. The pertinent circular

states: "Although registration is not required, it is expected that most apprenticeship programs offered by the Federal agencies will be registered." Registration is considered by the VA to be "prima facie evidence that a program meets the requirements of the Secretary of Labor as required by law" and results in rapid and uncomplicated paper approval. Again, as with OJT programs, no site or supervisory visits are made. Agencies requesting approval for an unregistered program are urged to contact the Department of Labor which, they are informed, will give them step-by-step assistance in achieving program registration.

The approval of unregistered programs is more difficult, requiring a complete check of all aspects of the program to ensure compliance with the Secretary's standards. The most troublesome determinations involve adequate standards of progress and satisfactory maximum and minimum hands-on hours. Related training is also scrutinized to see if it comports with the approval officer's experience and judgment. State approval agencies are not contacted to determine their practice with similar programs. "Registration," says a VA staffer, "avoids most of these problems. We know that the Bureau of Apprenticeship [and] Training in DOL [Department of Labor] will guarantee adequate hands-on hours and dependable related training. When an agency attempts to write its own program without BAT assistance, we usually get involved in lengthy correspondence. Some of the complex required data will inevitably be omitted, or the programs will have to be redesigned to meet the standards."

Whether a program is registered or not, the agency must provide the eligible veteran and the VA with a signed copy of the training agreement. No site visit is made in either case. As with OJT pro-

grams, notice of approval is sent to the agency and the appropriate VA regional office, which offers any required assistance with certification and enrollment.

No specific approval forms are used. Each approval is confirmed by a separate letter. Unlike a state approval agency, the VA acts as both judge and jury: it makes approvals, frequently advises regional office adjudicators of the appropriate benefit level to be paid, and resolves any disputes, questions, or complaints about the program, relying on rulings by the General Counsel when necessary. The system is quick and efficient; one experienced VA staffer processes approvals in an average of ten days. Because of the dependability of federally-sponsored programs, the expertise of the approving officer, the lack of site visits, or other factors, approvals are rarely withdrawn.

VA and the Congress

The definitive story of the special relationship between the VA and the Congress, in particular the Veterans' Affairs Committees of both houses, remains to be written. The record is silent on much of the background behind major decisions and the interrelationship of the various players. It is often suggested that only Olin Teague of Texas, the legendary long-term Chairman of the House Committee or one of his staff know the full story.¹⁵ We can offer only a sketchy outline.

Until the mid-seventies, the House Veterans Affairs Committee (established in 1947) was, effectively, the voice of the Congress in veterans affairs; from 1955 to 1973 Olin Teague was the House Veterans Affairs Committee. The Senate Committee, until 1970

split among three subcommittees of the Committees on Labor and Public Welfare, Finance, and Banking and Currency, had far less impact. Teague's style and philosophy had at least two major effects on the VA and provided the *raison d'être* of the agency:

- o A veteran-centered administration of a liberal but outcome-oriented program of educational benefits with strict, if sometimes contradictory attention to abuse prevention. As a former Teague staffer insists, "The Congress has repeatedly stated that it wants this program strictly enforced"; and
- o An unusual degree of confidence in the strength of the agency's position with regard to the Congress. Frequent complaints from institutions that VA often exceeds its statutory authority in promulgating regulations would be hard to document, particularly in the Teague years. The statutes are almost as detailed as the regulations and expert Congress watchers have long since concluded that the Congress and the VA are usually of one mind.

Teague skillfully managed his committee by consensus. Operating in an atmosphere remarkably free of partisanship, the chairman rarely took a bill to the floor without near unanimous committee agreement. Legislation was almost always introduced under a closed rule, thus prohibiting amendments from the floor. As Sar Levitan has pointed out:

Members therefore have a choice of voting either for or against the legislation. This arrangement offers considerable advantage to some members, who have gone on record as favoring "more" than what was proposed by the bill. Under the circumstances, the closed rule must

be a comforting security blanket. With no choice but to answer "yea" or "nay," Congressmen have a built-in alibi for delivering less than they had promised.¹⁵

Conversely, they also had a vehicle for passing more liberal provisions than a majority at times might favor. Given a choice between being pro- and anti-veteran, few members opposed Teague's proposals.

Former and present members of Congress and House staff cannot recall the chairman ever being defeated on the floor on a major issue.

One Congressman explained:

Nobody has ever come close to Tiger's record except maybe Wilbur [Mills, long-time chairman of the House Ways and Means Committee]. The House held Tiger in great affection and respect. We figured he knew his business and we followed his lead. If it had to do with vets, it was up to Tiger.

House passage was only one of the chairman's skills. The legislative record is remarkably sparse in veterans legislation conferences, despite frequent and major differences between House and Senate bills. Operating again on a principle of consensus, the chairman didn't hold conferences.¹⁶ Staff met informally with representatives from the VA and, frequently, interested and trusted lobbyists for one or another constituency (including veterans groups and proprietary school experts) and hammered out a compromise. When Teague was satisfied, the compromise was introduced as a new bill (technically an amendment in the nature of a substitute) and whisked through Congress. Teague's succinct and often colorful reports to the House on the compromises shed little light on the informal deliberations which created them.

It has been widely suggested that a shift of power from the House to the Senate has occurred since the retirement of Teague and the ascendance of Senator Alan Cranston, Chairman of the Senate

Committee on Veterans Affairs. The increase in Senate initiatives enacted since 1974 is cited as proof. A House partisan snorts at the suggestion. "No way. The Senate still has egg on its face from the mess those 1976 amendments created. The House goes right along weeding out forty bad Senate ideas every session and accepting the most bearable. Control still rests with the House."

The question of a power shift is, in any event, academic. The VA still initiates legislative proposals (admittedly laundering out the most controversial ideas internally), and is a major voice in the legislative process including the "non-conference conferences" held between staffs. In addition, both Congressional committees and their staff members are highly regarded for their competence, expertise, power, and accessibility and are equally sought out by various interest groups and the VA. To date, it still takes a two-House concurrence to pass any action. Perhaps more importantly for the future direction of the VA, both Houses share a profound and deep seated desire to root out abuse in the G.I. education benefits program. The Senate's 1976 and 1977 Veterans Affairs Committee reports leave little doubt that that body shares the House Committee's disenchantment with higher education. A majority of all Representatives and Senators are veterans, mainly of World War II. They, and the established veterans lobbies dominated by veterans of that war and the Korean War, subscribe to the traditional conceptions of education which prevailed during the earlier G.I. Bills, which are exemplified in the 1976 and 1977 statutes, and which VA strives to uphold.

Senate staff appear unrepentant about the 1976 amendments so

onerous to higher education, although one former staffer admitted that the 50 percent survey didn't work. "No one ever said they were subtle instruments," comments one staffer. "The Congress was frustrated by the failure of all parties to deal with reported abuse. It was a little like hitting a jackass with a hammer. At least we got their attention." As for the House Committee, perceiving weakness in Administrator Cleland's conciliatory offers of cooperation to education leaders, a House staffer recently fired off a letter. "You want to soften up....you shouldn't."

The VA offers equal obeisance to both Houses and has a well developed skill for identifying the "odds on" favorite in any debate. Regardless of which is at the center of power, the VA regards its Congressional relationship as privileged and acts accordingly. Agency-Congressional disagreements are rarely aired publicly. For example, VA in private strongly opposed pre- and advance pay in the early 1970s. The record shows, however, acquiescence with the Congressional decision to grant these options and offers only a lame disclaimer that built-in abuse controls should be sufficient. While Administrator Cleland's statements of the past two years contain at least a hint of criticism of the Congress for rapid passage of the 1976 amendments, the comments are amazingly temperate considering the agency's agony over implementation of the statute.¹⁷

The VA is equally correct in its responses to successive administrations which have see-sawed it between sometimes conflicting mandates. Whether there is truth to the charge that the VA is hampered by its lack of cabinet status (it is the only agency of its

size to be so "deprived"), the written record seems to indicate response to rather than initiation of administration policy. Staunch opponents of a Vietnam era veterans bill through two administrations, the VA supported the proposal when sentiment changed in 1965. Privately strongly denying (as does the House Veterans' Affairs Committee) that the Vietnam era veteran has received short shrift from the GI Bill,¹⁸ the agency nonetheless responded rapidly to Congressional and administration pressure for outreach programs, and requested extended limitation dates for educationally disadvantaged veterans. In short, the VA has faithfully reflected and attempted to implement the will of Congress.

The Schools and Congress

VA has, in recent years, been excoriated by presidents of higher educational institutions, their spokesmen in One Dupont Circle, their veterans' affairs officers, and numerous directors of state approval agencies. (How many directors would depend on the issues, but a significant minority, at least, has been sympathetic with the institutional position or taken a compromise position somewhere between that of the VA and of local institutions.) In the course of their 1978 meetings at institutions across the land, William Shannon and his associates found "intense, uniform negative feeling against the VA."¹⁹ The VA itself has acknowledged "a serious deterioration" in its relationship with the "higher education community."²⁰ One of our staff reported "a firestorm" of protest from that community against many regulations stemming from 1976 and 1977 legislation. Private comments are more scorching than those on public record, and the latter include University of Massachusetts President

Robert Wood's remark that the VA is "an extremely dumb agency",²¹ Wayne State University President Thomas Bonner's charge of "arbitrary and mischievous intervention by the Veterans Administration in the content and programming of a fully accredited program",²² and complaints by a group of veterans program administrators at institutions in Washington state about VA "harrassment," "encroachment," and imposition of "burdens which are ridiculous both in scope and volume."²³

The reaction of proprietary school spokesmen to the discomfort of higher education has, in part, been one of amusement. The most onerous regulations simply extend to higher education strictures long endured by proprietary schools. "We put up with it all for years," comments one national figure in the proprietary school area. "When all the regulations began, we were under a cloud and limited in power. We choose not to make many open fights, fearing that we could win the battle but lose the war." The proprietaries opted for careful and close relationships with VA Congressional committees, a technique which has served them well and which higher educational institutions have been quick to adopt as a means of bypassing the VA.

VA has been a convenient whipping boy in recent debates. Institutions which castigate the VA speak more respectfully to the Congress. They may cajole, implore, advise, or inform, but they do not castigate the Congress or its Veterans' Affairs Committees. State approval agency heads take the same tack. During their annual meeting in Washington, they normally visit these committee staffs and complain about VA "encroachment" on their responsibilities. If

there has been some, they should also complain that the Congress, and these committees in particular, have required it. For, to an unusual extent, the VA is a faithful servant of the Congress. It cannot be said that all executive agencies are of one mind with their authorizing committees and seek as dutifully and diligently as the VA to implement and enforce all of the provisions in their statutes, including those which are manifestly impracticable. One cannot reasonably and consistently complain about VA regulations without complaining about the exceptionally detailed and prescriptive statutes which give birth to them. Congress does not mind if the shots that prudent educators dare not aim at it fall squarely on the VA, and the VA doughboys in their trenches are inured, if not invulnerable, to the flack.

End runs around the VA are also accomplished by direct contact with members. As one state approval agency head (who had received Congressional pressure regarding his controversial decision to withdraw approval from a training establishment) commented, "The very folks who write the laws don't hesitate to bend them when they affect their constituents."

In 1975, six California institutions, including four junior colleges, were inspected by the General Accounting Office and thereafter became the center of a furor over large benefit overpayments and an assessment of liability against the colleges. (The junior colleges charged no tuition.)²⁴ However, California institutions, and especially junior colleges, have more veterans than any other state, more students, faculty, votes, and expenditures--more of many things that translate into economic and political power.

The Congress has to reckon with California as the State Department must reckon with Japan. With the help of California Senator Cranston, Chairman of the Senate Veterans' Affairs Committee, they appear subsequently to have achieved a most-favored state status which left them, in our interviews, with astonishingly few complaints against the VA and virtually none against the course approval system. California's approval process for degree-granting institutions is a singularly well oiled system characterized by:

- o Simple approvals of entire catalogs. A major university official remarked "We have no problems with the VA or state agency. We just send out four copies of each catalog stamped 'true and correct' and that's it."
- o The absence of certificate program approvals. All veterans are enrolled in degree programs whether or not they have any intention of completing a degree; and
- o A relaxed attitude to independent study and work experience.

A California official commented, "We still have not done what Central Office wants, but the Senator got into the act and we worked it out in keeping with the spirit of the law, not the letter." While such accommodations are healthy, given the incredible complexity of the G.I. Bill, they would be even healthier if more widely applied. Washington institutions have gained less from the help that they sought and obtained from their Congressional delegation, including the influential and long-tenured Senators Jackson and Magnuson. Their problems may be due in part to the

choice of litigation rather than arbitration, which (however well merited by the seriousness of the issues), has created a Mexican standoff with regard to compromise.

National education associations are becoming adept at voicing objections to VA policies. Like individual institutions, they are likely to turn to Congress rather than the VA in serious disputes. Ten education associations have jointly drafted legislation for Congressional consideration on issues of greatest concern to them.

VA and the Office of Education

The old concern about the role of the Office of Education (OE) in the veterans education program has surfaced again in the Congress in recent years as it has periodically since 1943. Congressman William D. Ford of Michigan has been critical of the lack of coordination between VA and OE. In 1977, his Subcommittee on Post-secondary Education of the House Committee on Education and Labor held hearings on all federal programs of student assistance. Members of the House Veterans' Affairs Committee were incensed at this invasion of their territory, which would have been unthinkable in the past.

Ford castigated the VA as an agency that "...continues, year after year,...writing educational goals meeting their idea of a stereotype student....It doesn't bear any relationship at all to what is happening in the real world of education."²⁵ He noted that both the House Education and Veterans Committees had concluded in 1976 that the "lack of coordination between the U.S. Office of Education and the Veterans Administration was...a serious problem..."²⁶

VA's insistence on clinging to stereotypes, Ford said, was what "we [the Education and Labor Committee] by federally enacted policy have been trying to force the educational institutions to abandon... we have for a number of years been deliberately prodding traditional type institutions to break from tradition and do this sort of thing"²⁷ (establish satellite campuses). Ford stressed the importance of closer coordination among different federal educational programs:

Unless there is some attempt to get the people making policy decisions working together, we find what appears to be conflicting Federal policies affecting not only an institution but also an individual within an institution. It is very difficult for either the institution or the people to understand; and when we look back and see what we have done, it is very difficult for us to understand why we did it.²⁸

After Administrator Cleland's testimony, Ford remarked that Cleland had highlighted instances where the law points VA in a "little different direction than it points the Office of Education... Without regard to which direction is correct, we ought to be able to get you both going in the same direction."²⁹

The Senate appears to share some of Ford's concern. One reason for the Senate Veterans' Affairs Committee support for a study of the approval system, an informant stated, was its wish "to drive the accrediting, VA, and educational communities into closer cooperation and...particularly...to encompass the Office of Education."

This "one world" view is understandably attractive to educational leaders, especially if, as they hope, it leads to a relaxation of the more stringent VA regulations. In March 1979, Charles Saunders, Vice President of the American Council on Education and a member of the VA Administrator's Advisory Committee on

Education and Rehabilitation, offered a motion which the committee adopted urging the administrator "to take all possible steps to improve the coordination and consolidation of approval and regulatory efforts between the VA and Office of Education and other agencies."

These pressures for collaboration with OE conflict with the wish of veterans lobbies for an agency of their own to handle all veterans services. The House Veterans Affairs Committee, we were told, "gets very emotional about increasing or mandating HEW involvement with the VA because HEW has indicated that it would like to take VA programs under HEW supervision." The proposed transfer of GI educational benefits to a Department of Education was, of course, rejected. VA shares the philosophy of the House on this issue. On March 7, 1978, VA Chief Benefits Director Dorothy Starbuck informed the Administrator's Advisory Committee that:

...the VA has notified OMB [the Office of Management and Budget] that it is the recommendation of the VA that the education programs established to meet the needs of veterans and their dependents should remain under the auspices of the VA and should not be included in any other agency's education program, including a consolidated Department of Education.

A Congressman involved in educational issues offers little hope that the jurisdictional conflict between VA and the Office of Education or, more broadly, between veteran and educational interests, constituencies, and legislative committees will soon be resolved.

There has always been a deep conflict of jurisdiction between committees with similar but separated interests, in this particular instance the VA and the education committees. Jurisdiction is jealously guarded in the House and has sometimes made coordination nearly impossible. Read the history of attempts at committee

reform and look at the story of manpower legislation...jurisdictional jealousy was and remains a central barrier to national revision.

Educational Advice and Congressional Dissent

Critics charge that VA has been poorly staffed and organized to administer what has been the largest federal educational program.

The absence of enough individuals with education experience who have either routine or periodic input into the administration of the education benefits program is a serious problem. This problem is aggravated by the fact that few educational associations are involved in the planning and policy apparatus of VA--to the extent that such an apparatus exists.

...it is incomprehensible that there does not exist anywhere in the entire VA administrative structure a single autonomous unit dealing clearly, primarily, and substantively with educational activities. The absence of such a unit is a significant indication of VA's tenuous relationship with the academic world.³⁰

The VA's ostensible defense against such criticism, the Administrator's Advisory Committee on Education and Rehabilitation, has been a weak reed. As provided in Section 1792, Title 38, the committee is to be composed of persons "eminent in their respective fields of education, labor, and management, and of representatives of the various types of institutions and establishments furnishing vocational rehabilitation...or education to eligible persons or veterans..." The committee is also to include veterans of all wars and, ex officio, the Commissioner of Education and the head of the Manpower Administration of the Department of Labor. "The Administrator shall advise and consult with the committee from time to time...and the committee may make such reports and recommendations as it deems desirable to the Administrator and to Congress."

A 1972 report observed:

The Committee's responsibility is to aid the Administrator in the formulation of vocational rehabilitation and education priorities and policies. This responsibility is difficult to implement, however, when the Committee meets as infrequently as it does (about twice a year), with no on-going working agenda, no stated mission, and at the discretion of the Administrator or Chairman.³¹

Under Administrator Cleland, the committee has become somewhat more--it could not become less--active, if not clearly more effective. Some outspoken critics of VA policies have been appointed members, disagreements between VA and the educational community have been aired, and efforts have been made to identify institutions at which significant benefit abuses have occurred. The committee has served as a small safety valve releasing a bit of the steam which has built up in the higher educational community over VA policies. But VA is as much an agent as a principal in the conflicts which have raged since passage of the 1966 and 1977 GI statutes, and peace cannot be restored between VA and the academy until both Congressional Veterans' Affairs Committees resolve to restore it.

While educational politics continue their tortured course in Washington, some states and regions have done what they can to ameliorate conditions in the field. The Maryland VA regional office has established an advisory committee of college presidents, deans, registrars, and state approval agency staff which meets four times a year to discuss common problems. A similar committee has been established in Florida. The Rocky Mountain Association of Collegiate Registrars and Admissions Officers is establishing a Committee on Veterans' Affairs to help college veterans officials, encourage fairness and consistency in their interpretation of VA regulations, and solicit support from college presidents when VA

and school policies conflict.

The higher educational community showed less interest in the problems of administering and accounting for GI benefits until the shoe of regulation began to pinch. As Charles Saunders, Director of Government Relations for the American Council on Education, realistically observed in a 1977 address:

...there is no way to get the government out of higher education.... While Congress may be increasingly sensitive to the growing burden of regulation and the need to avoid unnecessary paperwork, it is fundamentally concerned with eliminating outright abuses of federal programs and assuring accountability for the use of taxpayers' dollars...there is no use searching for a magic formula for deregulation, or adamantly insisting that the federal government should not intervene on the campus, however much we may enjoy the rhetorical exercise.³²

Advocating meaningful self-regulation, Saunders put a portion of the blame squarely on academic institutions. In the absence of adequate institutional standards, government will and must establish its own standards.

Thus it is that we now abide by federal standards for hiring of minorities and women, federal standards to protect the confidentiality of student records, federal standards about the kinds of information we must provide our students, and federal standards of academic progress to determine the eligibility of veterans for education benefits. Legislation was enacted in each of these cases, not because of any Congressional desire to punish our institutions, but because of a Congressional finding that we were unwilling or incapable of acting on our own to protect an evident public interest [our emphasis].³³

"Where was everybody when we told them there were serious problems with education benefit use?" a Congressional staff member asked.

"Everyone--accrediting bodies, state approval agencies, higher education institutions, and the VA--knew Congress was concerned. The 1976 amendments reflect Congressional frustration at the inability or unwillingness of all of these participants to solve the problems.

Congress just got mad."

In short, if blame is to be assessed for the parlous condition of VA relations with the academy, all parties deserve a generous share.

Footnotes

1. Charles A. Quattlebaum, Federal Educational Policies, Programs, and Proposals, Part I, U.S. Government Printing Office, Washington, D.C., 1968, pp. 30-1.

2. Keith W. Olson, An Historical Analysis of the GI Bill and Its Relationship to Higher Education, Department of Health, Education and Welfare, Washington, D.C., 1968, p. 8.

3. Final Report on Educational Assistance to Veterans: A Comparative Study of Three GI Bills, conducted by The Educational Testing Service, Princeton, N.J., Senate Committee on Veterans' Affairs, 93rd Congress, 1st Session, Committee Print No. 18, September 20, 1973, p. 246.

4. Ibid., pp. 247-9.

5. Ibid., p. 244.

6. Ibid., p. 251.

7. Ibid., p. 252.

8. Ibid., p. vii.

9. General Accounting Office, Educational Assistance Overpayments, A Billion Dollar Problem--A Look at the Causes, Solutions and Collection Efforts, Report to the Congress by the Comptroller General of the United States, March 19, 1976, p. 6.

10. Ibid., pp. i-ii.

11. George E. Arnstein, Letter to Chairman Vance Hartke, Senate Committee on Veterans' Affairs, May 21, 1974.

12. Sixth Annual Report of the National Advisory Council on Extension and Continuing Education, transmitted to the Congress with a Message from the President, August 3, 1972, House Document 92-335.

13. Memo from Andrew H. Thornton, Director, VA Education and Rehabilitation Service, to Ms. M. Lonon, U.S. Department of State, November 3, 1978.

14. Although state approval agencies must submit monthly data on their active sites, Central Office does not maintain such data for its own approvals, contending that, unlike institutional programs, federal programs do not always have a readily available pool of trainees. Central Office does not withdraw approval except for cause or upon the specific request of an agency.

15. Sar A. Levitan and Karen A. Cleary, Old Wars Remain Unfinished, Johns Hopkins University Press, Baltimore, 1973, p. 22.

16. The practice is defended by staff as an accommodation to busy members. The VA Committee in the House was usually composed of members who also served on some other major Committee. "Toward the end of a session members are often busy with other conferences and this saved a big drain on their time." It is perhaps worth noting in passing that other dual membership committees such as Civil Service or Air and Space regularly managed to hold conferences.

17. The most public area of VA/Congressional disagreement is the elimination of flight and correspondence schools from the GI Bill. The agency, backed by GAO estimates, supports the elimination of such training as not leading to a worthwhile vocational or educational objective. The Congress, for reasons best left to legislative analysts, continues to support both. The clash, however, dates back to 1965 and has by now taken on the ritualistic politeness of a minuet.

18. In spite of dark and intense claims that the Vietnam vet has been "ripped off" by the system, we could find no solid evidence to this effect in the education benefits program. Some 72 percent of the House and 64 percent of the Senate membership are veterans of earlier wars. The claim is they are swayed by the concerns of the major veterans organizations to which they hold allegiance and which have always been powerful voting blocs. It is said that the House and Senate have ignored the legitimate needs of the non-organization joining Vietnam veteran. The benefit levels of education assistance, free entitlement, tutorial provisions, outreach efforts and extraordinarily high usage percentage would seem to indicate that if such is the case other benefits or entitlements are the problem areas. In any case, the accusations fail to reflect that media influence (as witnessed by recent VA reversals on disability considerations) have far more impact than traditional veterans groups--which, in the words of one House member, are "in danger of becoming about as influential as the Spanish-American War veterans."

19. William Shannon, remarks at October 12, 1978 meeting of the Administrator's Education and Rehabilitation Advisory Committee.

20. Progress or Abuse--A Choice, a study submitted by the Veterans Administration to the Committee on Veterans' Affairs, United States Senate, December 12, 1978, p. 41.

21. Government and Academia: The Uneasy Bond, a Roundtable held on April 13, 1978 and sponsored by the American Enterprise Institute for Public Policy Research, Washington, D.C., AEI Forum 19, p. 12.

22. Thomas Bonner, letter to the New York Times, February 16, 1979.

23. Veteran Program Administrators of Washington, untitled draft paper, Centralia, Washington, 1978.

24. Four junior colleges, one state university and one private university in Los Angeles were examined; the six institutions had \$3.6 million outstanding in 8,565 overpayments (see Educational Assistance Overpayments, A Billion Dollar Problem..., Report to the Congress by the Comptroller General of the United States, March 19, 1976, p. 7).

25. U.S. Congress Oversight Hearings on All Forms of Federal Student Financial Assistance, Subcommittee on Postsecondary Education of the House Committee on Education and Labor, 95th Congress, 1st Session, May 25; June 1, 8, 9, 16, and 21, 1977, p. 425.

26. Ibid., p. 512.

27. Ibid., p. 513.

28. Ibid., p. 511.

29. Ibid., p. 532.

30. Sixth Annual Report of the National Advisory Council on Extension and Continuing Education, op. cit., pp. 80, 83.

31. Ibid., p. 80.

32. Charles B. Saunders, Jr., "Getting Our Act Together (or, How to Keep the Government from Playing the Featured Role)," an address to the 1977 National Assembly of the National Center for Higher Education Management Systems, Denver, Colorado, November 8, 1977 (mimeo), p. 2.

33. Ibid., p. 5.

4. VA REGIONAL OFFICES

The Veterans Administration has 58 regional offices: one in 46 states, the District of Columbia, Puerto Rico, and the Philippines, two in Texas, Pennsylvania, and New York, and three in California. They are usually located in the major population center (New York, Philadelphia, Baltimore, Chicago, New Orleans, Los Angeles, Seattle) and the state approval agencies, in the smaller state capital (Albany, Harrisburg, Annapolis, Springfield, Baton Rouge, Sacramento, Olympia), adding a distance in miles to the other factors that can separate them. The services they provide to veterans and other eligible persons include:

- information on all VA services;
- adjudication of claims and authorization of benefit awards;
- determination of eligibility for hospitalization;
- guidance for vocational rehabilitation training;
- administration of education benefits;
- authorization of home loans;
- death claims processing; and
- coordination of outreach programs to veterans.

Each regional office has jurisdiction over a state or part of a state. The District of Columbia office is also responsible for services to veterans, servicemen, and other beneficiaries outside the United States.

While there are variations among regions, the VA educational program currently absorbs about 30 percent of regional staff time, most of which involves adjudicators' determinations and redeterminations of individual benefits. Despite the declining number of veterans receiving educational

benefits, the workload of educational staff (both adjudicators and those engaged in reviewing course approvals and inspecting schools for their compliance with VA regulations) has increased, because of the demands of 1976 and 1977 statutes and implementing regulations.

Regional educational staff do not report to the Education and Rehabilitation Service at headquarters (although they may receive training and technical assistance from it) but to one of three Regional Field Directors for the Eastern, Central, and Western regions, who in turn report to the Chief Benefits Director. The regional staff involved in educational matters are not, as at headquarters, in one service, but in two divisions, Veterans Service and Adjudication. Educational liaison officers often bemoan their location in the Veterans Service Division. "We work for E&R [Education and Rehabilitation Service] but we are assigned to DVB [the Department of Veterans Benefits]....We're the stepchild of VSD [Veterans Service Division] and the bastard of adjudication," said one. And another, "We're a buffer being pounded between adjudication and VSD, which regards us as a filing operation."

The Educational Liaison Officer

The educational liaison officer is the ranking regional official responsible for dealing with educational institutions, unions, training establishments, state agencies, and other groups in "all matters relating to the Education and Rehabilitation program of benefits administered by the Veterans Administration." He must also act at times as a policeman, in identifying and dealing with school and state agency failings.

The liaison officer serves as the regional director's agent in monitoring the performance of the state approval agencies and auditing their

contracts. He is responsible for resolving any problems in their approval, inspection, and supervision of schools and training establishments and also for authorizing payment of agency vouchers. Many liaison officers are said to regard their "power of the purse" as a weapon to force state agency compliance with VA directives.

The liaison officer strives to maintain good relations with schools and job establishments, to inform them about and help them comply with new VA regulations.

He may also direct the work of the compliance survey staff who inspect schools and job establishments. He may help to identify the programs to be surveyed, brief the staff before their visits, review their reports, and convey their findings to the school, the state approval agency, and the VA officials.

The liaison officer may operate with substantial autonomy, to the dismay of some headquarters officials:

Our liaison representatives in the regional offices give us the same kind of problems as the SAAs. I have difficulty recognizing good ones. They are all VA civil service employees, whose appointment is subject to the approval of the regional office head. Usually they are appointed by the veterans service officer in the regional office, who knows little about educational functions. Usually he [the liaison representative] is the most autonomous employee in the office, subject to very little supervision or direction, because most of the other staff know very little about his job. In most cases, he is on his own.

While technically under the aegis of a Field Section Chief, in some regions the liaison officer may deal directly with the regional director, because of the potential political and public sensitivity of educational issues. From one day to the next, a dull bureaucratic matter can explode into a scandal about overpayments or nonpayments, a school bankruptcy, a court case, or other conflict with a school or a group of veterans.

The liaison officer is the key staff man in these cases, but the regional director has to take the heat from the press, Congressmen, and college presidents. The liaison officer's satisfaction with his job can depend upon the extent to which the regional director recognizes its importance. Not all do or include him in their calculations. Some liaison officers complain that they lack their director's support, which they must have in standing up to the state or a big institution. (We could not, without lengthy inquiry, determine if this support was, or was not warranted in given cases.) Some have to wait a long time before even routine mail is funnelled down to them through six or eight administrative layers--only one of several reasons for the slowness of some educational actions.

The average salary for liaison officers was \$20,000; most were ranked as GS-11s, although a few were GS-12s. Due in part to their heavy responsibilities and modest salaries, made more modest by the high costs of living in metropolitan areas, there has been a relatively high turnover in these posts in some regions. VA trains these personnel and loses them to other positions or agencies. Routine promotion within the agency is another factor. Turnover may have both positive and negative effects, introducing on the one hand a lively willingness to try fresh ideas, and on the other a loss of experience and continuity in dealing with institutions and state agencies.

Fifty-nine percent of liaison officers were under 40 years old, as of November 1, 1978. In contrast, only 22 percent of state agency directors were then under 40, and 52 percent were over 50. Likewise, liaison officers had far less experience at approval work than state directors--a median of 4 and 8 years, respectively. At least 18 state directors but only 5 liaison officers had over 10 years' experience.

Salary, youth, and inexperience may cause difficulties for some liaison officers. As one regional director remarked, "You can't expect a GS-11 to have much clout with the president of a large state university or a highly paid SAA director."

When the liaison position was moved from adjudication to the Veterans Service Division in December 1973, the significance of good relations with the educational community was emphasized in a memo from headquarters to regional directors:

His [the liaison officer's] influence on the State's educational community is significant. He must be able to deal effectively with officials of colleges, universities, educational associations, labor and management organizations, and state officials and his ability to make sound decisions has great impact on the public image of the Veterans Administration.

Despite these responsibilities, liaison officers and their staff spent most of their time processing papers and documentation forwarded from state approval agencies. Based on 1978 regional data submitted to Central Office:

- o Liaison staff reported 255,480 "standard man hours" (145 man years) allocated to reviewing, processing and forwarding state agency approvals to adjudication officers.
- o In the same year, they reported only 27,767 standard man hours (15.7 man years) allocated to liaison visits and 8,130 standard man hours (4.6 man years) to liaison related travel.
- o Estimates for 1979 do not show any significant change in time allocation. According to Central Office, approval related work is expected to occupy 243,225 standard man hours (135 man years) and actual liaison visits 13,000 standard man hours (7.4 man years).

Review of State Agency Approvals

State agency approvals are not accepted at face value. Before benefit payments are authorized, approvals are completely reviewed by regional staff.

When the agency approves a school's courses or a firm's training program, it sends it a letter or "notice of approval" and forwards a copy to the VA regional office, together with the school's catalog and approval application. The notice of approval includes:

1. the date of the letter and the effective date of approval;
2. the proper name and address of the school or training establishment;
3. the specific statutory authority for approval and conditions of approval, with reference to the school's catalog or bulletin;
4. the name of each approved course or, for higher educational institutions, the approved courses and subjects with references to page numbers in the catalog or bulletin;
5. where applicable, any enrollment limitations, such as maximum number of students authorized and student-teacher ratio;
6. the signature of the responsible state approving official; and
7. any other provisions considered necessary by the state agency.

The liaison officer reviews the notice, the application, and the catalog to see if they comply with the statute, regulations, and circulars. This review is--depending on whom one talks to--either an unnecessary duplication or a necessary check on the state agency's work. The liaison officer (or an assistant, if one exists) determines whether the information submitted is adequate for computing veterans benefits.

Items checked include: the 50 percent graduate placement rate, accreditation, the applicability of the two-year operation rule, whether programs listed in the catalog appear to be at their ascribed level (sometimes, earlier catalog descriptions are examined), refund policies, standards of progress, truthfulness in advertising, and so on and on. Anything which the state agency should check, regional staff may recheck.

Two examples will indicate the complexity of factors involved in the regional review:

As a general rule, schools and courses (not job establishments) must be in operation for two years before they may be approved. However there are seven exceptions. For example, a course which is "similar in character" to one offered for two or more years is exempt. If a school's ownership or management changes but its curriculum, faculty, and students do not, it too is exempt.

The liaison must decide if all or some courses are to be measured on a credit or clock hour basis, an important matter since the former involves less paperwork for the school and more generous benefits for the veteran. Modular or intensive courses may require complicated review. Computations required by VA regulation 14272(D) are typical of the burdens placed on liaison officers, institutions, and state agencies by VA regulations:

Where a term is not a standard semester or quarter...the equivalent for full time training will be measured by multiplying the credits to be earned in the session by 18 if credit is granted in semester hours, or by 12 if credit is granted in quarters, and dividing the product by the number of whole weeks in the session....In determining whole weeks 3 days or less will be disregarded and 4 days or more will be considered a full week....

When all such exemptions have been determined to the liaison officer's satisfaction, often after repeated consultation with the school and the state agency, he prepares one of four Approval Information forms (for accredited colleges and universities; unaccredited courses at these institutions and accredited or unaccredited vocational schools; flight schools; and job training programs) and sends it to the adjudication division for benefit award determination (see next page for sample form).

Adjudication

An adjudicator examines the information form to see that it is complete, compares the veteran's education plan with the school or establishment programs, checks to see that the veteran is not repeating a course for which he has received prior credit, calculates the proper benefit, and authorizes payment.

Adjudication is the end of the line, the depot where all the freight of course approvals is unloaded--and the catalogs of a university or the curricula of a flight school can fill a carton. When the educational liaison officer has completed an approval information form, it is "published" or reproduced in at least as many copies as there are adjudicators (there may be 30 to 70 or more, in a large regional office). Each adjudicator maintains a complete set of approval forms which, together with amended approvals for new and changed courses, can rapidly fill several fat looseleaf books. These and the stacks and files of catalogs, bulletins, and class schedules are constantly consulted to determine the appropriate benefit payments, as papers certifying each veteran's enrollment and class load are received from the schools. (At one regional office, local college catalogs frequently disappeared, as staff borrowed them for personal reasons and forgot to return them.)

**VA Form 22-1998b, Approval Information—Accredited Courses
Below College Level, or Non-Accredited Courses**

If, hunting for information on a particular program, adjudicators do not find it or it seems wrong or incomplete, they may phone the liaison officer, the school, or, at times, the state agency. One liaison officer lists the names and phones of every school certifying officer for the convenience of adjudicators; since adjudicators work independently, several may phone or write letters about the same problem. As adjudicators may work on other benefits besides education, are young and lowly graded (from GS 5 to 11), a few have only a high-school education, and turnover occurs, errors are bound to arise including some which only novices make, such as accepting a typographical error or dated information that can affect a benefit payment.

At least two regional offices have found a way to reduce this confusion. They have established a small unit (consisting in one office of four staff) in adjudication to enter the necessary approval data on veterans' enrollment certifications. That simple step has eliminated the need for each adjudicator to maintain a set of approval forms, enabled the unit rapidly to develop a degree of expertise many adjudicators never acquire, facilitated the maintenance of accurate and current approval data, improved the accuracy of certification entries, reduced the burden of inquiries on the liaison officer and schools, and saved adjudication much time. It is obviously a system that should be more widely adopted.

The whole process from receipt of an approval notice to payment of benefits can easily take two to three weeks (some stations report up to six weeks), depending on the size of the institution in which the veteran is enrolled, the thoroughness of the state agency's work, the experience of the liaison officer and adjudicator, the backlog of the

regional office, and promptness of schools in certifying enrollments.

The distribution of completed information forms has been controversial. Many regional offices have been sending them to the schools and job establishments, thus notifying them that they can certify veterans for payments, providing a check on the accuracy of VA and state data, and maintaining a conformed, concise record of approved courses.

"Remember," remarked one liaison officer, "it's a rather poorly trained institutional clerk who must go through this complex process. Before we started sending...[this form] many of them had to go through approval files that were twelve years old and three inches thick to check data on approval." Several officers have also suggested sending the form to state approval agencies.

Headquarters staff have opposed any external distribution of this internal form. Knowing the exact basis of benefit calculations might help schools to maximize benefits and the regional office could be held responsible for state agency approval errors. "If the notice of approval from the SAA is sufficient, there is no need to send out the...[VA form]. You are simply covering up for SAA deficiencies," said one official.

Returning Approvals

Liaison officers accepted most state agency approvals, returning 8 percent of new and 4 percent of revised approvals as incomplete or inadequate in meeting statutory or regulatory requirements (Tables 4 and 5). The wholesale return of approvals which occurred when relations with state approving agencies were strained appears to have subsided. During such a period of conflict, one regional officer returned 70 percent of all school approvals. "I kept track of every error," he told us, "and said I was going to use the list as justification for reducing the voucher." Regional staff report a swing to cooperative efforts to

Table 4

VA Regional Office Actions on New Approval Notices,
October 1, 1978 - April 30, 1979

Type of Approval Notice	Notices Received		Percent of Col. (1)	
	Number (1)	Percent (2)	Accepted* (3)	Returned* (4)
Schools	1,362	11.4	78	11
Degree-granting	511	4.3	80	12
Non-degree	682	5.7	76	12
Flight	146	1.2	77	10
Correspondence	23	0.2	87	9
Job establishment	10,652	88.6	89	7
On-the-job	6,335	52.7	92	8
Apprenticeship	4,317	35.9	86	5
Total	12,014	100.0	88	8

Source: Veterans Administration management information system report on approval notices received from state approval agencies.

*Do not necessarily add to 100 percent, because actions on some notices received before October 1, 1978 are included and actions on some notices received by April 30, 1979 had not yet been taken.

Table 5

VA Regional Office Actions on Notices of Revised Approvals,
October 1, 1978 - April 30, 1979

Type of Notice	Notices Received		Percent of Col. (1)	
	Number (1)	Percent (2)	Accepted* (3)	Returned* (4)
Schools	15,567	41.2	91	6
Degree-granting	5,244	13.9	88	7
Non-degree	7,065	18.7	85	6
Flight	3,015	8.0	113*	5*
Correspondence	243	0.6	97*	8*
Job establishments	22,188	58.7	91	2
On-the-job	12,016	31.8	92	2
Apprenticeship	10,172	26.9	90	3
Total	37,755	100.00	91	4

Source: Veterans Administration management information system report on approval notices received from state approval agencies.

*Do not necessarily add to 100 percent, because actions on some notices received before October 1, 1978 are included and actions on some notices received by April 30, 1979 had not yet been taken.

resolve approval questions by telephone.

Compliance Survey Specialists

Prior to 1973, assurance of school compliance with VA regulations was the responsibility of regional adjudicators. Given the other demands on the adjudication division, and VA and Congressional emphasis on benefit payments, little compliance activity was expected or conducted. In late 1973, the position of compliance survey specialist was carved out of the Adjudication Division, moved with the liaison into the Veterans Service Division and retitled "Education Compliance Specialist."

The primary function of compliance staff is to conduct on-site reviews of schools and training establishments to determine if they are meeting VA regulations. In addition, they are responsible for checking compliance with Title VI of the Civil Rights Act and Title IX (sex discrimination) of the Education Amendments of 1972. They are expected to be familiar with VA regulations as well as Department of Labor Standards for apprenticeship and Federal Aviation Administration requirements for flight training. Once in the field, compliance staff work alone or, at large schools, in teams of two or three. Extensive travel is required, and the hours are erratic since surveys may be conducted on weekends and evenings.

The average grade of compliance staff is between GS-9 (the entry level) and GS-10, with annual salaries averaging \$17,500. The Department of Labor ranks a similar compliance specialist position as a GS-12 at the journeyman rate; the Social Security Administration's compliance position is a GS-11 or 12.

Compliance Surveys

Compliance surveys at colleges, which, as we have noted, had been

largely dropped after the 1966 GI Bill, were reintroduced in the mid-1970s in response to serious overpayment problems. The survey checks the accuracy of benefit payments, observance of the law and regulations, and helps to correct institutional records and reporting and VA benefit payments. It should help veterans and officials at schools, firms, and state approval agencies to understand their responsibilities and VA procedures. Some school and approval agency staff feel that the surveys have turned up only minor "discrepancies" others welcome them as a useful check on their performance.

Regional staff are required to survey yearly all colleges with 300 or more veteran beneficiaries and all vocational, flight, and correspondence schools. Non-degree resident or extension courses at degree-granting institutions are also surveyed yearly, as are 25 percent of colleges with less than 300 veteran enrollees. However, regional offices need survey only 10 percent of job training establishments. The requirements reflected Congressional and VA perceptions of problem areas when the surveys were reinstituted. (Annual surveys of institutions with 300 or more veterans and all vocational schools were specified in P.L. 94-502, 1976.) Compliance staff also respond to special headquarters or liaison officer requests and to adjudication reports of evident schools problems.

According to VA procedures, 10 percent of the records of all eligible persons at a school or establishment are first selected for "paper" review. Up to 100 persons are chosen at a private and up to 50, at a public school or firm and from 5 to 10 in any one course (defined as a specific field of study or training). If widespread discrepancies are found in this sample, it is expanded. The samples are drawn from computer records of beneficiaries enrolled during the last three years, the period for which schools must maintain veterans' records. If discrepancies are confirmed in the expanded sample, an audit of all

veteran records is conducted. A proprietary school spokesman scoffs at the guidelines. "Don't you believe the VA ever really comes into a school looking at only five cases or ten percent. Given the complexity of the regulations, you can find discrepancies in any institution and they come armed with a far larger list to sample." We wondered how survey teams could visit a small school annually and not examine the same file more than once. An excellent liaison officer assured us that this could not happen, but we remain sceptical about the perfection of survey staff and their computers.

The initial in-house check, like all phases of the compliance program, is very detailed. Items reviewed include the size of the benefits in each type of training and credit or clock hours; change of program or status; school certification of a veteran's objective and attendance; and findings of past compliance surveys. While concerned primarily with benefit questions, the survey nonetheless serves as a check on the approval process, Compliance staff are instructed that:

Preparation for the survey should begin with a thorough review of the approval file. Do not restrict the review to the last notice of approval received from the SAA, but start at the point when the last survey was conducted and work forward to the present. For all facilities, review the reports of SAA inspection visits conducted since the last compliance survey....¹

Armed with the foregoing information and copies of all approval forms, the compliance specialist makes an unannounced site visit consisting of:

1. An entrance interview with the highest possible responsible official.
2. Examination of school records.²
3. Student interviews. At least three veterans and several non-veteran students should be interviewed, to confirm that the veteran does not pay higher tuition or fees than other students. A veteran is informed of his rights under the Privacy of Information Act and has no obligation to submit to an interview.
4. An exit interview with school or establishment officials to report on findings (except those which may involve fraud)³ and discuss corrective action

in matters pertaining to benefits (those involving approval criteria are referred to the state approval agency).

A detailed survey report form and a narrative report are completed, together with supporting documents and worksheets. A letter is then sent to the school confirming discrepancies not related to approval criteria and requesting a reply, within thirty days, on the corrective action taken. A second letter, identifying discrepancies involving approval criteria, is sent to the state approval agency, which is supposed to take corrective action and report to the VA within thirty days.

Discrepancies relating to benefit determinations are referred to regional adjudication staff. These may include cases of:

- (a) Student enrolled in a different course than the school has certified.
- (b) Students not enrolled for the number of hours certified.
- (c) Students who did not start a course on the date certified.
- (d) Dates of interruption or termination not reported or reported incorrectly.
- (e) Changes in training time not reported or reported incorrectly.
- (f) Failure to report the date a veteran reached the journeyman wage prior to the scheduled date.
- (g) Medical certificate or private pilot's license not on file or expired.
- (h) Any other action which requires an award adjustment or prima facie evidence of school liability.

In addition, a report to the regional office finance section is required if absences, correspondence lessons, hours of flight or ground instruction, or hours worked at job establishments were incorrectly reported.

The following types of discrepancies are to be referred to the state approval agency:

Vocational schools--failure to maintain adequate records of, or to give appropriate credit for, prior education or training; to maintain records of progress and attendance, including tardiness and early departure; to enforce the approved policy or attendance, conduct, progress, or dismissal; to observe the approved calendar or attendance schedule; to make required refunds or charging more than the approved tuition and fees; to furnish veterans with a copy of the course outline, school policies, and similar material; to give certificates indicating satisfactory course completion; to observe enrollment limitations; also evidence that the school is not financially sound, that it employs false or misleading advertising, or that the quality of instruction is inadequate.

Flight schools--an additional complex set of referral instructions ranging from record maintenance to violation of FAA regulations, which are to be reported to the FAA.

Job establishments--inadequate records of hours worked, progress, or wages paid; failure to provide veterans with a copy of the signed training agreement; failure to provide the training shown in the approved program, and failure to pay the approved wages.

Compliance staff are advised:

It is important to recognize the difference between discrepancies which are violations of approval criteria and discrepancies which result from violations of approval criteria. Basically, discrepancies which affect the payment of benefits are the responsibility of the Veterans Administration. These discrepancies primarily involve reports submitted by the school to the Veterans Administration. These reports include enrollment certifications, notices of change in student status, quarterly certifications of attendance and correspondence lessons, and monthly certifications of flight training or hours worked. However, the basis for these reports are school records. If school records are inadequate or not sufficient for VA reporting purposes, that is a violation of approval criteria and must be referred to the SAA for resolution.⁴

Incidence of Discrepancies

We found no adequate statistics on the seriousness of various discrepancies and the kinds of places where they occurred. At vocational schools, poor recordkeeping and failure to take or report attendance are common; at colleges, the failure to report promptly interruption of attendance and course load changes; at job establishments, paying more than the approved wage and veteran transfer in midstream to another firm. However, one regional official attributed nearly 30 percent of discrepancies to VA errors, especially erroneous benefit determinations by adjudicators.

According to the VA, 4,281 or 61 percent of the 7,011 discrepancies noted in fiscal year 1978 were referred to state approval agencies because approval criteria were involved. Incomplete reports for that year submitted by the state agencies (with six states not reporting) indicated that 2,406 referrals by the VA had involved educational institutions: 1,773, vocational schools, and 633, colleges and universities.

Corrective Actions

Compliance surveys are not considered complete until corrective action has been satisfactorily recorded by VA. However, adjudication staff are required to make veteran benefit adjustments as soon as overpayments or underpayments are identified. Adjudicators also determine if the facts suggest possible school or establishment overpayment liability. Cases of suspected fraud are referred (without prior notice to the school or establishment) to the regional office District Counsel, who determines whether to forward the matter to the Department of Justice. In serious cases, benefits to current or new veteran enrollees may be suspended.

Action varies from region to region and case to case, prompting charges of inconsistency. Extensive field operations of any organization are seldom uniform, and school critics do not uniformly favor uniformity (which, in effect, means the consistent national application of head-quarters policies). They favor whatever decision--regional or head-quarters--they agree with in each instance.

A stoppage of benefits by the VA is rare. The withdrawal of approvals by state agencies is more common, especially at vocational schools. Some 5,859 deficiencies were reported by state agencies in 1978 (3,301 which they noted and 2,558 referred by regional offices); 4,327 involved vocational schools and 1,532, degree-granting institutions (including hospital schools). Of these, one or more course disapprovals resulted at 658 vocational schools and 81 degree-granting institutions (a disapproval rate of 15.2 percent at the former and 5.3 percent at the latter). Disapprovals will be discussed further in Chapter 7 on The State Approval Agencies.

Compliance Survey Costs

Compliance surveys are costly. Regional offices indicated that an average on-the-job visit took half a day and school visits three days. Flight school visits "can take up to a week, the records are so complex," said one official, "and you really should be an accountant if you are going to do it well."

A 100 percent audit of a Pennsylvania school with 130 veterans took 20 man-days; a California community college audit took 40 man-days. One regional office estimated that a 100 percent audit of a business school with 158 veteran students cost at least \$100,000. "By the time this case was referred to the FBI for prosecution--and fraud was documented... costs...had reached about \$125,000." (Indictments charged that \$62,000

had been fraudulently received by students.) In the first six months of fiscal year 1979, 100 percent audits had been completed at 28 schools and 39 more were planned. Such estimates do not include the cost and aggravation to schools and establishments. As one compliance officer remarked, "The most effective way to gain school compliance is to threaten to expand the compliance survey."

Regional officials find the surveys a valuable tool in preventing abuse and educating schools about VA requirements. If more staff were available, many regions would use them to increase the frequency and scope of compliance surveys.

Committee on Educational Allowances

Unlike the U.S. Office of Education, the VA lacks the authority to limit, suspend, or terminate an institution's eligibility to participate. If regional staff believe that approval should be denied or withdrawn and the state agency declines to do so (at times, it may even agree but find it impolitic to act), their only recourse is to withhold or suspend payment of benefits. A "Catch-22" situation is thereby created, in which a veteran is denied benefits though he is enrolled in an approved program. This state of affairs can be confusing to veterans and schools, and troublesome for the regional office.

Each regional office is required to refer certain school violations to a Committee on Educational Allowances, normally composed of three regional staff members, none of whom has been involved in the investigation of the school or in reviewing its compliance survey report. Notice of each committee hearing, conducted within 45 days of a referral, is published in the Federal Register. The committee recommends to the station director if payments to enrolled veterans or new enrollees should

be stopped. The director makes the final determination, which can be appealed to headquarters.

The following situations are to be referred to the committee without prior referral to the state approval agency: evidence that a school has charged a veteran more than its established tuition and fees; that it has submitted false certifications or has willfully failed to report absences or the termination of training; the submission of incorrect reports through gross negligence; failure, within 30 days, to correct an apparent violation of law (other than approval criteria) or to respond to a request for information about it; continued violation of the 85:15 rule after the school has been notified in writing following prior violations; refusal to make records available for review.

Situations referred to the committee after prior referral to the state approval agency include failure by the agency to correct or respond to a reported violation of approval criteria within 30 days or to take proper action on approval criteria violations as determined by the regional director.

Committees are seldom used. In the five years from 1974 through 1978, 27 regions reported 77 hearings. Of the 70 schools about which information was available, 62 were vocational (including 28 flight schools) and 8, junior colleges; only 14 vocational schools and 7 of the colleges were accredited (very few flight schools are accredited). Some 38 cases were reported to committees in fiscal year 1978.

VA staff suggest that the committee is an unwieldy tool. The formality and serious nature of the procedure lead most regions to avoid it, if at all possible. Headquarters staff acknowledge the weakness of the committee system. "The problem is there is no intermediate step of a less

formal nature."

School Liability

The VA can find schools liable for certain overpayments.

Under regulations published in the March 14, 1979 Federal Register, a school can be held liable for overpayments resulting from its willful or negligent failure to report accurately and in a timely manner required information used in benefit determinations. Erroneous certification may also result in liability.

Each regional office is to constitute a Committee on School Liability to hold hearings when potential school liability is found.

The procedures formalize and amend what had been done on an informal basis before a moratorium on school liability collection was declared after a court ruling held that VA had failed to comply with the federal Administrative Procedure Act. A headquarters official scorns the new committee device as incredibly complex and clumsy:

Schools wanted due process, and boy, did we give them due process, pages and pages of it. Most station directors will do what I would do and avoid using the committee. They will simply review institutions' overpayment liability and determine that it doesn't exist. If we really wanted to correct the overpayments problem we would do better to bring a few suits. Substantial court judgments against institutions in two or three districts would result in rapid action by schools to clean up certification and reporting procedures.

Costs

While it is not possible to compute the exact costs of VA approval review and compliance survey work, the minimum estimate for the salaries of 58 liaison and 246 compliance staff (225 full-time, 21 part-time) was \$5.3 million in fiscal year 1979. Direct approval costs, defined by the VA as activities of the educational liaison office and supporting clerical staff (excluding adjudicators, compliance survey specialists and administrative overhead), were estimated at \$3,471,960 for 1978 and \$3,653,240 for 1979. Including overhead

administrative costs and any fraction of compliance and adjudication work reasonably allocated to approval review, a more comprehensive estimate might be on the order of \$15 million. Due to inflation and a projected increase from 13,000 compliance surveys in 1979 to 13,500 in 1980, costs are expected to increase even as the number of veteran beneficiaries declines.

Allocation of Staff Time

The distribution of staff time among schools and training establishments varied dramatically among regional offices. One reported spending only 2 percent and another, 70 percent of their time on job training establishments (Table 6). On the average, however, regional offices allocated 38 percent of their time to vocational schools, 35 percent to

Table 6

Proportion of Regional Educational Staff Time
Devoted to Different Kinds of Programs, 1979

Kind of Program	Percent of Time		
	Mean	Median	Range
Degree-granting	35	35	10-60
Non-degree granting	38	35	10-85
On-the-job	26	29	2-70
Total	100	100	-

Source: Responses of 55 regional directors to the following question asked in February 1979: "What proportion of VA educational staff time is devoted to work with IHLs [institutions of higher learning], BCLs [below college level programs], and OJT-apprenticeship programs? (Please give three separate figures adding up to 100%.)"

higher educational institutions, and 26 percent to job establishments--relatively more to higher educational institutions, and decidedly less

to job establishments than state agency staff. Two regions which gave separate estimates indicated that compliance staff spent relatively more time than liaison officers at vocational schools and less at colleges and job establishments.

Duplication

Some 55 percent of regional respondents and 45 percent of state agency directors felt that there was little or no duplication of approval work by the two staffs. Contrariwise, 23 percent of regional and 32 percent of state respondents said that there was significant duplication. We tend to agree with the minority, though "duplication" is a matter of definition and interpretation, and can be "necessary" or "unnecessary." That which is necessary (or not really duplication), VA staff argue, involves their responsibility to ensure that the law and regulations are observed, and to make correct benefit determinations. That which is unnecessary, a state director asserted, "generate[s] delays in processing approvals...which in their final resolution are accepted in their initial form. This causes each agency to handle an item at least twice."

Regional staff suggestions for reducing duplication reflected their opinion that many state staff were ineffective and, hence, that VA contract controls and supervision should be tightened and more training provided--or that state approvals should be eliminated and assumed by the VA. State directors suggested that the VA's role in reviewing approvals should be more clearly defined and circumscribed. There was a consensus that state verification of Graduate Employment Surveys was completely duplicated in VA compliance surveys and should be dropped.

Although the extent of duplication may be impossible to define precisely, the workload of both state and VA staff has increased as the

volume of educational benefits has declined. That is true of adjudicators as well as of regional educational staff. A competent adjudicator, it was said, now processed 35 educational claims a day compared to 75 or 80 a few years ago. A Central Office official explained, "It used to be that 95 percent of the cases were one time actions, including all possible complications. Now 40 percent...are worked more than one time and of these, 20 percent will have to be worked three or four times."

Both regional and headquarters staff blamed the increase on recent changes in the law and regulations. In one regional office, each adjudicator had fifteen looseleaf books to consult in determining benefits, containing separate and arcane requirements for such matters as advance pay, the 85:15 and two-year rules, and the 50 percent placement survey. Schools must report 85:15 rule compliance three times a year, a liaison officer noted, "so of course we have to check it three times," a futile exercise since "the count is only good for the day it's taken."

To the educational community, the approval and benefit roles of the regional offices and state agencies can be a source of confusion and frustration. One health program we visited had sent course approval requests to the regional office. A school may receive different advice from the state and regional office (at least in some states, the former is more likely to tell it what it wants to hear). When a school is dissatisfied it may contact all parties, including VA headquarters and local Congressmen, and make the most of any disagreement.

In the view of many campus veterans affairs coordinators who wrote us, VA had often usurped the state's role or co-opted the state staff, overturned state approval decisions, and intruded on academic prerogatives. They and other institutional spokesmen complained most strongly

about VA benefit reductions for independent study courses state agencies had approved on the same basis as traditional courses--and VA staff complained that they should not have done so, under Sec. 1772, Title 38.

Regional Views of Approval Agencies

"Would you [VA regional liaison staff] characterize your relations with SAA staff as very good, good or poor?" Most regional and state respondents answered this question "very good," but, as the following summary indicates, relatively more regional respondents chose the temperate "good" or the definite "poor."

Relations are	Percent of	
	VA regional respondents*	State agency directors
Very good	56	71
Good	36	26
Poor	9	3
Total	100	100
Number	(70)	(58)

* Some respondents gave different answers for different state agencies.

The regional judgment of state agency performance was more critical. Of those giving a clear response to the question, "What do you think of the quality of the SAA(s) work?" 24 percent said it was excellent or very good; 25 percent, good; 31 percent, fair or adequate; and 20 percent, poor.

Asked what the agencies did best, 36 respondents cited approvals, especially those at job establishments, and initial school approvals. (However, 30 respondents also cited approvals, often at schools and colleges, as what they did most poorly.) Selling job training programs and providing schools with information and help were also cited.

Asked what state agencies did most poorly, many respondents cited timely follow-up after compliance surveys and related supervisory visits and reports. "The SAA is at its worst when attempting to resolve discrepancies in approval criteria which have been found by the VA. The necessary action is not taken...in a timely fashion and in some cases, the SAA staff does not even address the correct issue...."

When it does, the state agency may side with the school. "The SAA is perhaps too willing to accept assurances from the school or training establishment that the errors were administrative oversights...or failure on the part of the veteran to keep his end of the bargain...."

Many regional staff believed that state agencies gave too low a priority to deficiencies referred to them by the VA and that the contracts should require prompter action on these referrals. In a February 1978 circular, the VA assigned such follow-up first priority, ahead of work on new approvals, but any effect this may have had on the rescheduling of staff assignments was not evident during our inquiry.

Several regional directors recommended joint compliance and supervisory visits by regional and state staff, a suggestion not received with enthusiasm at headquarters. In one region, state staff often joined compliance visits and regional staff participated in state supervisory visits. This has "kept communication going, ironed out disputes and, in general, helped our relationship and appreciation of each other's role enormously." The more common arrangement in which a state official may appear at a school one week after a VA compliance team has given it a thorough going-over, oblivious of what has happened, is neither effective nor very impressive as an example of government efficiency.

Agencies were rated as poor at providing approvals that complied

thoroughly with VA regulations, knowing and enforcing these regulations (especially new ones), and following up in a timely and effective way on deficiencies referred to them after compliance surveys.

Respondents expressed frustration at the agencies' lack of thoroughness: "...their approval packages are not always complete and the documents needed for completion are not timely submitted...." "___ has stated he didn't bother to review an approval for conformance to appropriate VA law and regulations because he knew we would do it." Careless approvals were attributed to ignorance, inexperience, incompetence, apathy, or active opposition to the VA and allegiance to the schools. "The SAA does best those routine and non-controversial tasks which can be reduced to a checklist and rubber stamped. They do most poorly any task requiring initiative and judgment." "What they do worst is to identify with the VA and provide approvals that comply with VA philosophy and regulations."

Many state staff did not, respondents felt, adequately understand VA regulations, procedures, circulars, and the regional approval review. Several state agencies were said to be understaffed, particularly in view of the "varied complications brought about by P.L. 94-502 and P.L. 95-202, including increased compliance survey actions referred to the SAA." Over three-quarters of regional respondents thought that their knowledge of VA regulations was superior to that of state staff; 41 percent, that their knowledge of schools and job establishments was equal (31 percent, that it was superior; and only 28 percent, poorer).

Inadequate state performance was often attributed to an adversarial posture and deliberate resistance to the VA's authority, philosophy, and methods. "...one of our SAAs ignores instructions in a circular if they

are not to their liking. When questioned they counter with 'Is the circular regulatory?' It takes considerable prodding...and often a letter from Central Office to force them to comply." "The most obvious thing the SAA does best is to find ways to circumvent VA regulations." "What the SAA does best is to identify with educators and their education philosophies."

This agency's strong suit is the excellent relationship they have created with school officials through the years....[their supervisory] visits have evolved into cursory good-will visits with no problem areas found or discussed with school officials. Consequently, when irregularities are found on compliance surveys, the VA becomes the "heavy" in the eyes of the school officials. Reports submitted by this agency in response to compliance surveys have often defended the school's position...rather than resolving the issue at hand in accordance with VA regulations.

Many were critical of the approval agencies for bucking tough decisions to them. "They'll send us something to see if it will fly and then we get the heat if we refuse benefits." It took one regional office two and a half years to devise an acceptable format for recording information about programs at one university's branch campus, a task they thought the state should have done.

As noted, follow-up on compliance survey findings was generally given low marks. Agencies often gave this work low priority, were ineffective in achieving necessary changes, or actively sided with the schools: "It appears that the sole purpose of the SAA's [followup] visit is to dispute the existence of the discrepancies found by the VA....This SAA also accepts assurances of corrective actions by school officials and in a majority of cases, the same discrepancies are found by VA personnel on subsequent survey visits."

All regional staff are not frustrated, but those who are think that state agencies serve the VA inadequately, identifying with the schools and firms they are expected to supervise. Those who are satisfied with the agencies' performance have either won them over or share their viewpoint.

Approvals Do Not Ensure Quality

Asked if the approval process assures that veterans take only serious courses of good quality, 47 (or 72 percent) of regional respondents said "no." "Quality" and "seriousness" were seen as elusive and perhaps undefinable conditions subject to endless interpretations. The absence of national educational standards and the variations in state standards were barriers to quality assurance. Title 38 did not even address the question, since its requirements were "administrative in nature and primarily concerned with paperwork processing." Most felt that quality was a desirable goal, but there was no consensus about who was responsible for it.

A number held the veteran responsible for the seriousness of his education; no agency or school could control his motives, interests, choices, or effort. Others suggested that educational institutions were responsible. Some felt that the approval agencies should develop quality standards, though characterizing them as lax in their quality judgments. One respondent stated that stricter judgments were unlikely as long as contract levels depended on the number of agency approvals. Even if VA or the state agency identified poor quality, little could be done about it, because the procedures for withdrawing approvals "are far too cumbersome."

Accreditation was supposed to ensure quality, but too often did not. "Reliance for quality rests heavily with the regional and national accrediting agencies, and experience in compliance surveys shows that these agencies have no idea what is really going on at the schools they have accredited." Distinctions based on accreditation were regarded as no longer valid given the failure of accrediting bodies to enforce their

standards. Fair and equal evaluation of all schools required uniform standards independent of such "artificial classifications of worth" as accreditation. Seventy-two percent felt that the trend to approve accredited and unaccredited schools by the same standards was desirable in principle, though in practice it posed many practical and political problems.

Training

A few respondents felt that no special training was needed, but the large majority welcomed additional training for both regional and state personnel.

The most frequent training suggestions involved the basic nuts and bolts of the approval process. Clarification was needed especially about the approval requirements for nontraditional education, branches and facilities, flight schools, and on-the-job training; the meaning of VA regulations and terminology; and required or recommended procedures. VA staff needed better knowledge about state approvals, supervisory visits, and follow-up on discrepancies; state staff should know more about compliance surveys and the review of approvals. VA educational staff should be more familiar with the use that adjudicators made of approvals and with VA fiscal procedures; and adjudicators should learn something about the approval process. Information was also requested about accrediting and state licensing, the Federal Aviation Administration certification of flight schools, Department of Labor apprenticeship operations, the organization of the state educational system, school record systems, and the kinds of reports schools can provide.

Beyond nuts and bolts, training should also serve to broaden the outlook of staff, to help them learn about the intent of the Congress,

"see the forest rather than being lost in the trees," "see the real goal of their work." And VA staff, "both in Central Office and the field," needed training "on the history, outlook, goals and future of higher education....This training should be provided by the higher education community."

Joint training sessions of state and regional personnel should be arranged in cooperation with the Central Office and, as suggested, the National Association of State Approving Agencies. Small regional meetings were preferable to large national conferences. Regions which had already held training sessions with state staff felt that they would be more effective with Central Office representatives present. After all, they were the final arbiters of the meaning of regulations--"Both field staff and the SAA need to know what E&R [Education and Rehabilitation] Service means by its terms." Their presence would promote uniformity and serve to educate them about local realities.

The most useful training of all would be some training for E&R Service staff on the nature of education facilities of this country. They need to know both what schools are doing, and what kinds of reports they are capable of making.

The very publication of Appendix H or Appendix O as originally written tells me E&R service is too divorced from reality to develop realistic procedures. In fact, it might be useful to provide a little basic training to the staffs of the Veterans Affairs Committees in the Congress in the interest of having the statutes somewhat more firmly grounded in reality.

Training should not be confined to set subjects; it should respond to new developments, new laws and regulations. Training is not just a matter of talks, discussions, and reading; it should also be undertaken by temporary exchanges of state and VA personnel and by collaborative school visits. The goal is a better, common understanding of VA objectives and regulations, perhaps better regulations, and a better

understanding of, and respect for, the roles and responsibilities of VA and state agencies.

Regional Views of Washington

Regional staff opinions of headquarters were mixed. On the one hand, they were good--at least, prudent!--soldiers. They accepted responsibility for enforcing the GI Bill and disbursing and accounting for benefits expeditiously and correctly. "Every time I wonder what I'm doing here," remarked an education officer, "I remember that this region is responsible for dispensing more than \$10 million a month in education benefits." They were keenly aware of past scandals and abuses. They had stories of veterans repeating courses with little progress toward a degree and little presence on campus; of schools which admitted anyone and failed no one.

On the other hand, some were also critical of Congress and the Central Office for their remoteness from local realities and for acting precipitously and unrealistically, producing ineffective or unworkable statutory and regulatory provisions and circulars. Many were too lengthy, complex, and incomprehensible. After the 1976 and 1977 statutes, the regulations and circulars succeeded each other like surf crashing on rocks. No school could fathom or enforce them all; by the time one was implemented, it was replaced by another. The regions were left holding the bag. "We are trying to enforce laws two years out of date which have been succeeded by regs which themselves are out of date." There were simply too many regulations, too many circulars, too many changes. Central Office staff were too out of touch with the field and the educational community and too capricious in dealing with the regions. VA regulations were "thirty years behind the times and don't take into

account legitimate changes in education practices." Many regional staff had much sympathy for the institutions which must live with these regulations.

Headquarters has responded individually to regional requests for the clarification of a regulation or the resolution of a disagreement with a school or state agency; responses have not been distributed to all regions. However, they get passed around informally, by phone, mail, or at meetings. A big complaint of regional staff was that the colleges have better channels of communication and learn of Central Office opinions, actions, and draft regulations before they do, which can be humiliating.

One region's simple solution to the complex problems of standards of progress, accepted by the Central Office, was unknown to most other regions; as was their guide for certifying officials, hailed by state institutions as an invaluable tool. This sort of thing annoys or angers regional staff when they finally learn of it. They felt that they are not adequately consulted before the Central Office issues regulations which they must enforce. "If regulations were written by people in the field who have to deal with the institutions, we'd have far less difficulty in enforcing them," said one regional director. And they would like all regulations and circulars collated in one volume and written "in English for a change." Revisions should incorporate the full, applicable text, so that it is not necessary to save, consult, and ponder six separate circulars to understand exactly what provisions are, and are not, still in force.

While objecting to the lack of communication and consultation with headquarters, regional offices can also thrive on it since it helps them to maintain their operational independence. Several liaison officers have

been instructed not to call Washington without explicit permission from their station directors. Station directors may avoid contact with headquarters until they have already resolved a problem. "We avoid calling until we can say to CO [Central Office] 'This is the way we have worked it out with the schools and the SAA.'" One region has yet to report an efficient change in its procedures for fear "Central Office would tell us to drop it." Another has found that the best way to test an idea on the Central Office is to have the state agency director do it for them.

Characterizing their relations as "good," "cordial," or "excellent," the regions still view Central Office as heavy-handed and distant. "Look," said one liaison officer, "we view VACO [VA Central Office] as the class of 1946, and we don't hope for much improvement until that class graduates to retirement."

In many ways regional and state staff share a common outlook. Both resent the lack of consultation by headquarters. Immersed in state problems, dealing with the same schools and subject to similar pressures, both would like greater freedom to resolve their problems as local conditions, rather than distant headquarters staff, dictate.

In October 1978, regional liaison officers met by themselves for two days at a Silver Spring motel before being joined by the staff of state approval agencies. The meeting was opened by a headquarters official, "We are here to listen to you." Five workshops were then formed, each with about a dozen regional officers and a couple of headquarters staff, who spent the better part of two days discussing the problems of course approvals and the information which should be provided in approvals of accredited

and unaccredited colleges and vocational schools, flight schools, and job establishments. Each group was chaired by a headquarters staff member who did not merely listen but talked and talked. By the second afternoon, the regional staff had had their fill and, by common agreement, asked all headquarters staff to leave so that they could talk undisturbed for awhile.

They complained about the lack of support from the Central Office; the need for consultation before circulars were issued, for better information, and for distributing to all regions advisory opinions given by the VA General Counsel to one. They complained about their location too far down in the bowels of the regional bureaucracy, their salaries, their excessive workload, and inadequate staff help. One had to hand-write his own letters

Much of what they said was repeated by state agency staff later in the week. "CO [Central Office] runs roughshod over the people in the field." "The time limits that they write for us are just unreasonable." "We need help instead of dictation." "I'm two months behind. How do you keep up?" "We can't get out of the office to do liaison [visit schools]." "I've got a 30 to 45 day backlog--" "That's par for the course." "There's no way you can do what you're supposed to--its impossible."

Improving the Approval Process

Of the 66 respondents to our inquiry, 8 were content or happy with the present approval system and offered no suggestions to improve it or positively opposed any changes. The others offered many major or minor suggestions. We will discuss first the largest of these, the direct conduct of approvals by the VA, and then consider the many less radical recommendations for change within the current system.

A VA Takeover?

Two-thirds of regional respondents believed that they could undertake course approvals at a savings in time and money, but a majority opposed (40 percent favored) doing so.

Those favoring a direct VA assumption of approvals stressed that it would be a "faster, less complicated process" and "duplication of work would be eliminated." State supervisory visits and VA compliance surveys could be consolidated; "schools would deal with one agency, with less imposition on their time." Political pressures on the approval agencies from institutions and state education bodies would be bypassed, the state "middle man" would be removed, and "flaws in approval packages could be handled more efficiently." Approvals would be more uniform, regulations could be enforced more consistently, and deficiencies observed by compliance teams could be more readily corrected.

Approval costs would be reduced because regional educational personnel received lower salaries than state staff. (However, no allowance was made for the fact that state staff were older and more experienced.) Savings would also result from a "deflation" of the state agency role, especially when their work was of poor quality. "One technical person and a clerk could easily outperform what is currently being done at the school approving agency...." Another respondent compared state contracts to highway robbery. "Paying the SAA to do approval work is nothing less than a \$18 [\$16] million tribute being extorted from the VA by the education establishment....If they [the state agencies] were allowed to do the job the way they want, they could be replaced by a GS-4 clerk and a checklist."

One respondent said that state approval agencies were not needed when

all that they did was to rely upon the work of other agencies:

In certain areas, such as standard IHL [college] courses accredited by Regional Accrediting Associations, apprenticeships registered by the State Department of Labor and the Bureau of Apprenticeship and Training, the SAA does little to improve on the already established program. There are in each VA Regional Office personnel with background in the field of education who with a minimum of training could duplicate if not improve on the work done by the SAA....

Another felt that VA could readily handle approvals of flight schools, job establishments, and farms, but not colleges and vocational schools.

Those opposing the VA conduct of course approvals said that it would be considered an infringement of states' rights, that VA did not have the necessary educational expertise, and that additional staffing would not be provided due to the decline in the benefits program. They stressed the value of the state agency as a buffer between VA and the schools, which were "extremely sensitive concerning possible intrusion of the Federal government into the educational process" and "much more receptive to requirements imposed by state representatives...."

State staff, recognized as members of the educational community, commanded "a certain degree of respect that would be difficult for a VA employee to command." They had ready contact with other state educational and licensing agencies and with fire and health officials, which VA would have to develop. And they provided a vital check and balance on VA's spending power. If VA were responsible for approvals as well as benefits, schools would be placed "in double jeopardy" and VA staff, in a certain conflict of interest. An improved channel of appeals would have to be established to afford schools due process, increased school protests could be anticipated, fewer schools would participate in the program, and the net effect would be reduced educational opportunities for veterans.

VA staff now lacked the expertise to judge the quality of education and training. New staff would have to be hired--perhaps 50 or 75 percent more since contracting for services would be extremely expensive. And VA would then shortly face the problem of transferring or dismissing them, as educational benefits wind down.

A limited change suggested by a few persons was to transfer apprenticeship approvals to the Department of Labor and flight school approvals to the Federal Aviation Administration. In view of the conflict over apprenticeship policy between Labor and the VA (detailed in Chapter 11 on Job Training Programs), the former seems impractical; the heavy reliance already placed on FAA flight school standards makes the latter more feasible.

Most respondents concluded, sometimes reluctantly, that the disadvantages of direct VA approvals would outweigh the advantages. For many, the timing was bad. "It is simply too late for a VA takeover."

Greater Control of State Agencies

There was less reluctance to press for greater VA control of state agency personnel, operations, and performance. A very few respondents favored more latitude for the agencies and more tolerance of diversity among them. "It is essential that SAA's be given the respect and latitude they need to operate. We must eliminate a perceived attitude that the SAA is a 'poor cousin.'....More deference should be given in the approval process to State rules and policies." But that was a decidedly maverick opinion (from a regional office which has cooperated closely with the approval agencies and schools in its state and been reproved for sending them copies of compliance survey reports). The predominant view was to seek fuller command and control by changes in law or regulation,

the contract, and other means.

The contract provisions should, it was suggested, be incorporated into law or regulation and VA should have "signatory authority in the approval process on an equal basis with the SAA"--that is, VA should be able to deny not only benefit payments but agency approvals. Alternatively--a radical proposal which might dispense with state approvals--all schools should be able to enroll veterans but the VA should have the right to withdraw the eligibility of those which break the eligibility rules (a system similar to that recently introduced by the Office of Education and described in Chapter 12 on Two Other Approval Systems):

Rather than trying to write regulations applicable to all schools in an attempt to prevent a few schools from being part to some veteran's desire for extra income, I would make "approval" a privilege which would be generally granted but which could be withdrawn by the station director at his or her discretion. I would then provide the...[regional office with] resources needed to identify schools used solely as an income source and withdraw their approval (after suitable due process).

VA should also have "supervisory jurisdiction of the SAA" and the authority to "mediate" or intervene directly with a school when the agency is not responsive to requests for action on deficiencies involving approval criteria. Minimum qualifications should be set for agency personnel (presumably by law or contract); VA "should have dominant voice in personnel selection; all personnel should be occupied 100 percent on VA work" (rather than the present arrangement where they may also conduct other state educational or labor work); "and we should train them" (his emphasis).

If the approval agencies were to be less independent of the VA, they should be more independent of other state education agencies and the state's educational community. Therefore, it was suggested, they should be independent government agencies (not located in a department of

education) or, at least, part of a Department of Veteran Affairs. Their location should free them from conflict of interest and "insulate the SAA from the influence of state or other governmental agencies with vested interests in their local...[schools'] prosperity." How to make them more independent of colleges, schools, and job establishments, while yet enlisting their cooperation, was a point not adequately addressed.

The contract was repeatedly invoked as a means to obtain fuller compliance by state agencies with VA instructions. It should, some said, have a penalty clause for late or inadequate approvals or failure to respond to VA referrals and requests--or a financial incentive for good performance. Several respondents criticized the present method of basing reimbursement on the number of approvals and approval visits; this should be revised to put greater emphasis on the quality and completeness of approvals and on responsiveness to VA needs:

...the requirement of the SAA to visit "X" number of schools or establishments per fiscal year using a formula that centers on quantity rather than quality reduces the quality of [the] approval process and supervisory visit follow-up.

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The State Approving Agency contract is based on the number of active facilities approved. In terms of job security the SAA must approve new programs at the same rate the approved programs are becoming inactive. This results in many programs being presented to the VA that are not quality programs....staffing allowances [should]...not be regulated solely by the number of active approvals.

A contract might also be used to obtain fuller compliance by schools with approval and reporting criteria. One regional director suggested "a written contract between the school and the VA that in consideration of receipt of a reporting fee (greatly increased over present levels) the school agrees to abide strictly with reporting requirements or be subject to loss of such reporting fees." The idea that money is the root of obedience attends neither to technical difficulties of compliance

(reflected in the government's experience with some very large contractors) nor to the fact that a school will always receive more money from veterans' tuition than from a VA contract.

VA should, respondents said, be more specific and prescriptive about what the agencies are required to do. For example, the agency should be required to submit an approval within 30 days of receiving an application and strict time limits should be set for responding to VA requests for information, corrected approvals, and special visits and reports on school compliance with approval criteria. The notice of approval should not be sent to a school until the regional office's concurrence is received. VA should "approve or disapprove SAA application forms, inspection and supervisory visit procedures, forms, etc." and establish and enforce clear minimal standards for state and school compliance with the approval criteria:

For example--the law requires a non-accredited school [to] be financially sound. The SAA wrote a school and asked them "are you financially sound?" The school replied "yes" but provided no supporting data. The SAA accepted this as the basis for a determination the criterion was met. The statutory prohibition of VA supervision makes it difficult to reject the school's approval on the basis the criteria are not met if the SAA says they are.

Uniformity, Consistency, Clarity, and Simplification

Despite ample evidence about the variety of regional practice, the regions recommended greater uniformity in the approval process. The exception was the respondent who questioned "the idea of...standardizing education opportunities for vets nationwide....The policies look like attempts to make all education systems the same. This is a course doomed to failure." Others recommended standardized approval procedures, instructions, checklists, application forms, and approval notices, and the circulation of model approval samples. The National Association of State

Approving Agencies, it was suggested, might help to prepare these standardized materials. The state agency, several said, should enter the approval information on the form (1998) now completed by the regional office, or one very much like it. The period for approving and reapproving schools and colleges should be standardized. There should be more uniformity between the law, regulations, and the agency contract.

"The difference between approval and payment criteria should be resolved."

Regulations and circulars should be clarified, simplified ("Simpler rules written in plain English"), inconsistencies and "needless wording" eliminated, and consolidated in convenient form.

...we (VA and SAA) are in desperate need of comprehensive reference material which gathers the requirements in one place. Checklists for approval are the easiest to put together and would yield the most dramatic results; but published, blow by blow guidelines for using the checklists would also be very helpful. At the very least, checklists should provide comprehensive reference citations for each item.

Regulations "should be carefully developed with the aid of professional educators and the grass roots input of schools and veterans' groups."

Fewer changes should be made in circulars and more time allowed to implement them. Approval criteria, virtually unchanged since 1952, should, a number of respondents felt, be reexamined in cooperation with the educational community and new criteria prepared more suited to the times and to each type of institution which must meet them.

...the approval process would be improved by devising approval criteria which are relevant to situations actually found in educational institutions with clear definitions of terms (preferably the same as used in the education community). It would also help if instructions are not published until it has been determined they are reasonable and feasible.

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The VA education program must interface with the currently existing policies and practices of the educational community if the process of approving schools and courses is to be improved.

Some Specific Measures

A few specific recommendations are worth noting, not because they should necessarily be adopted--it would be impossible to adopt them all, as some are diametrically contradictory--but because they call attention to troublesome areas.

The approval of nontraditional modes of study is one such area. This is, VA spokesmen insist, a benefit, not an approval problem; but the approval process is centrally involved since institutions and state agencies must identify these modes of education in their approval applications and notices (or, if they do not, the VA regional offices must, in their approval information forms) before the appropriate benefit can be determined. Since nontraditional formats are often employed in individual classes, the need to identify them can impose an inordinate burden on the approval system, transforming it from a program-approval to a class-approval system.

The problem has sorely taxed the patience and resources of all persons involved in approvals. It was recognized by regional respondents--

The major difficulty in processing...[college] approvals has been in trying to align college policies and programs with VA regulations. VA policies on independent study, internships, and seat-time requirements tend to confuse and irritate schools. They also deflect our main objective for approving good programs to searching for technicalities.

but no adequate solution was offered, unless one regards the suggestion "to eliminate schools that specialize in non-traditional study from the scope of VA approval" as adequate. Of course it is not, since it is the junior college with numerous nontraditional classes, not the largely nontraditional liberal arts college like Goddard or Antioch, at which

the identification (as distinct from benefit) problem is most acute. The current process of identification requires the wholehearted cooperation of faculty and college officials in a task--the invidious treatment of certain methods of education--which profoundly affronts their convictions and interest. In short, the current process of approving non-traditional classes repeatedly hammers at a sore point in the relations between the VA and academe, and if the sore is to heal, another approach is called for. (One such approach, which will be detailed in Chapter 7 on The State Approval Agencies, has been outlined by Keith Pailthorp of the Washington Council for Postsecondary Education, that state's approval agency for higher education.)

Agency delays in handling approvals, one respondent said, should be dealt with by the regional office processing a pre-approval before the full state approval was received. However, the suggestion was directed at job establishment programs, which the VA has sought to promote; is it less eager to promote school approvals? To be sure, few veterans are involved in the average establishment whereas hundreds can be enrolled in a school, and the more veterans are involved, the more traumatic it is to stop benefits if fuller information warrants such action.

The graduate employment survey was the subject of several contradictory recommendations: that it be dropped and replaced by a simpler procedure such as the use of existing school records; or that it be strengthened and the regional office made solely responsible for it (at present, the regional office and the state agency must both review it). Whether it is dropped or continued, the survey is plainly a source of excessive, laborious duplication of labor.

Finally, a respondent in a state with two regional offices recommended that each office deal directly with the approval agencies in its state; at present, approval in multiple-region states are handled by a lead office (such as the New York City Office in New York and the San Francisco office in California). We may be wrong, but the present arrangement seems more efficient.

Footnotes

1. Department of Veterans Benefits, Compliance Survey Training Guide, February 27, 1979, p. 4-1.

2. 38 U.S.C. 1790(c) provides that all records and accounts pertaining to other students as well as to veterans which may be necessary to determine compliance with the law must be available for examination. The effect is to permit VA to examine records that might otherwise be restricted under the provision of P.L. 93-380 (the Buckley Amendment). The waiver was regarded as evidence of Congressional seriousness about compliance surveys.

3. If fraud is suspected, compliance officers still complete the full survey to enable adjudication to adjust benefits, since they cannot do so once the case is referred to the Justice Department.

4. Compliance Survey Training Guide, pp. 5-11, 5-12.

5. THE STATE CONTEXT

This chapter will outline the broad status of state postsecondary educational regulation. The task is difficult--the subject is vastly complex and available information, scanty--but important to place the activity of approval agencies in their state context. After all, these agencies are part of state government, subject to many of the same pressures which buffet other state educational agencies. In assessing possible changes in the approval system, it is helpful to understand the milieu in which it functions and the direction in which other state regulation of postsecondary institutions and programs has been moving.

By "state regulation" we mean state government measures which control, sanction, monitor, or limit the operations of postsecondary institutions--either their right to exist or their nature and standard of operation. It may, in brief, be said that the state agencies with real or nominal jurisdiction over various educational sectors are highly fractionated, but a trend toward coordination and consolidation is evident. Though their regulation is often weak and spotty, it has been growing in specificity and scope from lower toward higher levels of education and from the for-profit toward the nonprofit sector. It commonly avoids the sensitive area of approving or appraising program or course quality, but remarkable exceptions to that rule can be noted. A large gap remains between the volume and the effectiveness of regulation, in which institutional autonomy, diversity, competition, distinction, mediocrity, and chicanery thrive.

A common response to the growth of federal regulation or control of educational institutions is that this function is, under the Constitution, reserved to the states; yet it has historically been little exercised by them, especially with respect to universities and colleges, though this history has been undergoing significant revision in recent years. In reviewing the matter, the public, nonprofit, and for-profit sectors must be considered separately, since each has a distinctive legal and tax status, reputation, and relationship to state government.

The Public Sector

A recent painstaking study by Steven Jung and his associates, which collected, classified, and counted the provisions of state laws and regulations governing postsecondary institutions, had virtually nothing to say about the public sector¹ that, in the fall of 1976, enrolled some 8.7 million or 79 percent of the 11.0 million students at higher educational institutions. Are public universities, colleges, and junior colleges not, then, subject to state law and regulation? Of course they are; indeed, they are owned and financed by state and local governments. However, they are not administered in the usual hierarchical manner of government bureaucracies, with a designated official bearing responsibility for the enforcement of laws and issuing instructions down the line to presidents, professors, and students, but indirectly, through layers of state- or system-wide, county, and institutional boards and faculty committees which buffer and cushion their programs from many political and administrative controls normally applicable to government agencies. Statutory or constitutional charters, tenure, powerful alumni, special endowments, and independent

revenue from everything from hospitals, patents, and football to private and federal grants and contracts can give public universities an independence from direct state control that can frustrate bureaucrats, legislators, and management experts. The complexity and fractionation of their structure, economics, and governance has been the salvation of great public universities and the desperation of those who would govern them.

Insofar as independence derives from long-standing traditions and manifold independent enterprises, professional schools, and constituencies, what is true of the university is less true of two-year colleges and least true of public vocational schools. The educational and administrative laxness that VA staff have observed in some two-year colleges derives not from entrenched structures and traditions but from conscious policies, rapid expansion, and poor management. The governance of public vocational schools which are often (like many community colleges) postsecondary extensions of secondary school systems, with comparable educational and administrative practices, is closer to that of the high-school than the university. As a rule, the division of control between local and/or state governments may be roughly apportioned in accordance with their respective contributions to the schools' budgets.

Governance

In discussing state regulation of private education, we may usefully examine state laws and regulations; but in discussing the regulation of public education, we must examine its mode of governance. The extent to which that achieves good instruction and administration is a more difficult question, which we cannot here address (though the

plain answer is: incompletely and, in a number of schools, poorly).

State governance of public institutions has often been strengthened in an effort to husband scarce resources or restrain the proliferation of facilities and programs. Until the late 19th century, Robert Berdahl writes, state, and later, land-grant, universities were autonomous, governed by boards modelled on those of private institutions and dealing directly with the legislature and governor for financial purposes. Historically, the influence of state legislatures and private interests served to enlarge practical curricula and services.

The regular legislative appropriation was both the carrot and stick with which laymen persuaded public educators to do their will. Starting with a profound (and to our mind largely justified) distrust of the traditional curriculum and the men who venerated it, legislators used their annual review of academic budgets to redirect the collegiate tradition in radically new channels. They were comparatively generous with money to train experts in agriculture, engineering, veterinary medicine, home economics, and other practical fields. The classics, philosophy, and other traditional subjects got less money and less sympathy.²

From 1864 to 1945, thirteen states--"generally those with fewer institutions, slower growth rates, and more limited fiscal resources" established a consolidated board for all higher educational institutions, abolishing numbers of institutional boards in the process and also, at times, their institutions. However, "most other states continued to deal separately with the various institutional...boards." Normal schools began and usually remained under the aegis of state education boards when they later evolved into teachers or state colleges.³

After World War II, additional comprehensive governing boards were formed: there were 21 in 1979; another 26 states had a

board of higher education.⁴ The blanketing of the states with public higher educational boards was largely completed during the extraordinary expansion of the 1960s in an effort to moderate "the competition among institutions and systems for funds" and "the chaos of random growth."⁵

Most governing or coordinating bodies "have jurisdiction over all or nearly all public higher education"; in seven states (as of 1971), a second body was responsible for junior colleges; in some, a third body was responsible for public postsecondary vocational schools.⁶

Usually, these boards are concerned with planning and the provision of better management data; often with the preparation of aggregated operating and capital budgets; sometimes, with the authorization and/or approval of programs (to be discussed shortly). When a board serves as the "1202" planning commission established under the Education Amendments of 1972, its planning function extends beyond "higher" to "post-secondary" education and beyond public to nonprofit and for-profit schools. In about 20 states, the board may also be responsible for licensing or approving private degree-granting institutions. In 27 states (as of 1976), it administered student financial aid programs; and, in over 20, federal undergraduate equipment and higher educational facility programs or the community education and service program.⁷

However, as Richard Millard observes, the states have been notably less involved in the administration of federal higher education than elementary or secondary school programs.

To a major extent federal programs in elementary-secondary education not only recognized the state role but operated through and were designed to strengthen the state departments of education. In contrast, much of the legislation affecting higher education was written without

reference to the state roles and responsibilities except in automatic appropriation distribution formulas. The difference in approach is illustrated in the National Defense Education Act of 1958. Each of the titles...primarily concerned with elementary-secondary education was to be administered through the state education agencies. In contrast, none of the provisions relating to higher education made any reference to state higher education agencies.⁸

It is hard to believe that, as one responsible source reports, only \$80 million of some \$9.0 billion in federal funds for higher educational institutions or students were distributed through state agencies.⁹ This diminutive role reflects the preference of institutions for dealing directly with Washington and their wish to restrain the power of state agencies close at hand or, at least, not to augment the power of the state purse with state power over the disposition of federal funds. It also reflects the weaker status and greater disorganization of state higher education agencies than of those responsible for secondary and elementary education and the longer and stronger tradition of independence in the higher education sector.

...by the beginning to the twentieth century most states had compulsory school laws. The need for developing state departments of education to ensure some minimum standards of instruction and to work with the many school districts emerged early. The higher education situation was quite different....higher education was provided primarily by private institutions...up to the first half of the twentieth century.... as late as 1900 only 4 percent of the college-age population attended college....higher education never has been compulsory, nor until the late 1950's has the question of access to it been a major concern of state or national governments.¹⁰

Two studies reveal the sensitivity and resistance of public institutions to state administrative controls--and their gradual enlargement. The first, under the guidance of a distinguished committee chaired by Milton Eisenhower, reported in 1959 that "the relations between public institutions of higher education and state government have been marked by increasing anxiety" ("more visibly and deeply felt by educators than

by state officials"). The source of this anxiety was attributed to the development of centralized state management controls over budgeting, spending, and personnel: to the rise of budget offices, "auditors, comptrollers, purchasing departments, personnel offices, and...building agencies," each of which cast a bureaucratic shadow over the autonomous state institution. Coordinating boards were also viewed with alarm. "Potentially at least, the entrance of these new controls represents a grave threat to the tradition of the free college or university..."¹¹

The second study, issued by the Carnegie Commission on Higher Education in 1971, seemed more realistic, or resigned, about the inevitability of state controls not only of budgets, expenditures, and personnel but also of broad dimensions of the academic enterprise that might once have been regarded as institutional prerogatives. "For institutions which are largely supported by the state," the Commission declared, "it seems appropriate for the state to exercise influence and even control" over total enrollment and enrollment in certain programs such as medicine, the number and location of new campuses, general admissions policy, the general level of budgets and salaries, accounting practices, major "new endeavors," and "effective" operations. However, these policies and controls should be cast in broad terms with much latitude in their application given to each institution. Thus, "budget control should be limited to the total amount of the budget...and should not involve line-item approval...or specific allocation of resources within the institution"; the salary scale for "individual classifications," the "mix of faculty or staff," the selection of individual faculty and students should be determined by each institution.¹²

Concerned about "the growing dominance of governors over higher education," the Commission recommended that they not sit on coordinating boards or appoint board members without confirmation by the state senate. These boards, it warned, could lead to "further erosion of institutional independence"; they should concentrate on "long-range planning and current consultation" rather than "bureaucratic controls, and detailed regulation."¹³

The Commission listed the determination of the "courses of instruction and content of courses" together with freedom of speech, assembly, inquiry, and publication as "essential elements of academic freedom" that public institutions must preserve.¹⁴

Course and Program Authorization

Note the "courses of instruction." With the many exceptions required by any statement on this subject, the typical division of authorization between the individual campus and higher level (university, system, or state-wide) bodies is that between the course and the program. The institution or, most frequently, its component schools and departments, authorizes new courses; whereas higher bodies must authorize new degree programs, facilities, branches, and institutions:

The model of authority is somewhat as follows. Establishment of a new school or college...requires coordinating agency approval... [as does] the authorization to a campus to award a Ph.D. or a new professional degree. However, the pattern is quite uneven for the extension of a degree...from one field to another....

...there is no uniformity...over the relative role of the university and the coordinating agency in program review. With a rare exception, decisions involving new degrees, extension of existing degrees to new fields, creation of academic departments...require system approval.¹⁵

The great void in the literature on state-level program authori-

zation is an assessment of the degree to which it is routine or nominal, with the actual decisions made at "lower levels" in the bureaucratic pyramid due to the power of the institution making the proposal and the technical impossibility of a few overworked state staff intelligently reviewing and convincingly countermanding institutional judgments. "Lower levels" is put in quotes because the structure of higher educational authority is less a pyramid than a jungle gym where even lowly faculty can have great freedom to decide what courses they teach, prominent professors and deans can have more power in their sphere of operation than institutional presidents, and state universities, more power than state coordinating boards. Coordinating boards themselves may be largely a means whereby the presidents divide up available appropriations and constituencies and insulate their schools from political pressures for greater practicality and economy.

Addressing a group of state education officials, one observer speaks of "the 'cozy' arrangement whereby decisions of who may or may not start a program in your state are made by boards dominated by the existing, established institutions. It's a conflict-of-interest..."¹⁶ Two authors note "deliberate institutional actions such as lobbying to keep state agency appropriations, staffing and salaries low....[in] a deliberate attempt to impede the effectiveness of the higher education agencies...."¹⁷

Many accounts attest to the importance of political factors in budgetary authorization decisions. Thus, the Eunice campus "was thrust upon LSU [Louisiana State University] system without being formally requested and...the New Orleans branch of Southern University...was

authorized so hastily that even the president of the university and the mayor of the city were not informed in advance."¹⁸ Alden Dunham recounts how, in the 1960s, opposition to a state-wide higher education board by the presidents of Michigan State and the University of Michigan "resulted in a dog-eat-dog struggle among the public institutions for budgetary support....In theory, the state board...coordinates and plans all education....But in reality, the state board has no power and lacks the staff to accomplish much....[and] each president curries favor with the legislature."¹⁹ One state board committee labored six months evaluating competing institutional requests for a new doctoral program, only to have its recommendation overturned "for entirely 'political' reasons related to one influential board member's local constituency ..."²⁰ One means employed to circumvent program approval or enhance the likelihood of receiving it is to establish a program piece by piece so that, when approval is ultimately requested, it can honestly be said that no new expenditures are required: all the courses are already in place. In a few states, such as Texas, these practices have resulted in a statutory assignment to the state board of the power to approve individual courses²¹ (commonly regarded as a danger to academic freedom).

The force behind the review of new programs, like that behind the formation of central state boards, is, of course, economy and rationalization: the effort, if not to reduce state expenditures (whatever goes up, it seems, stays up) at least to reduce their increase: to expose the ambitions of one campus to those of another and reconcile them in accordance with a rational projection of state-wide educational needs and resources. On the whole, two authors suggest, these efforts to control the expansion of new programs have been "moderately successful."²²

This subdued success, one suspects, is more attributable to necessity--to inescapable economic stringencies and political realities--than to the happy and obedient concurrence of independent institutions with the rational judgments of rational boards.

As noted, most state-level review has concentrated on proposals for new programs, it being far easier not to begin a program than to extirpate an established one: fulfilling commitments to current students; relocating specialized, tenured faculty; placating established constituencies; and generally disturbing, if not breaching, existing peace treaties among departments, faculties, and institutions. The traditional, expensive alternative is to continue a program with diminishing enrollments until its tenured faculty retire, or to offer them attractive terms for early retirement.

However, economic pressures are forcing attention to the review and selective reduction or amalgamation of existing programs. To date, reviews have focussed on doctoral programs, which are highly expensive per student and whose graduates now have poor employment prospects.

Reviews of graduate programs at public institutions have been undertaken in at least fourteen states;²³ Millard and Berve characterize those of seven (Florida, Kansas, Louisiana, New Jersey, New York, Washington, and Wisconsin) as "major," with "recommendations for discontinuance of nonproductive, qualitatively marginal, and duplicative programs."²⁴ John Millett forecasts that, within five years, all states will have procedures for examining existing degree programs at public institutions.²⁵

It is difficult to define and classify accurately all "programs"²⁶ and to obtain sufficient comparable and timely data about those at pri-

vate as well as public institutions, and outside as well as within the state, which would be desirable for an informed judgment about the relative quality of or continued need for a particular program at a public institution. The prodigious number of programs and few state staff available (let alone qualified) greatly aggravate the task of conscientious program evaluation. In New York in 1967, three staff members were confronted with the task of evaluating approximately 7,000 courses of study offered in more than 200 colleges and universities."²⁷ A subsequent 1969-70 review examined 544 master's degree programs, including 55,602 individual courses, at 56 New York institutions--after which, not one program was dropped!²⁸

Patently, it would be very costly to evaluate that many programs, not to mention courses, regularly. An alternative is to screen basic data on all programs, such as the number of students and faculty, degrees conferred, salary cost per student, and enrollment and cost trends, and select a number (e.g., the most costly) for closer study. A task force of the Education Commission of the States lists the following as factors to be considered in deciding whether to curtail, consolidate, or terminate a program:

(1) the number of graduates from the program in each of the last five years; (2) the number of students enrolled in the program (entry and dropout rates); (3) the size of classes and the cost of courses identified as integral elements in the program; (4) cost per program graduate; (5) faculty work load; (6) program quality as reflected by its regional or national reputation, faculty qualifications and the level of position achieved by graduates of the program; (7) total production of a program's graduates from all institutions in the state, region, and/or nation; (8) the economies and improvements in quality to be achieved by consolidation and/or elimination of the program; (9) general student interest and demand trends for the program; and (10) the appropriateness of the program to a changed institutional role or mission.²⁹

On our count, three of these factors are concerned with cost; four and

a half, with demand (often, in turn, related to cost per student); one, with "appropriateness"; and one and a half, with quality. That seems to be characteristic of the weight commonly assigned to quality (which usually costs more money per student) and economy in recent state program evaluations.

In 1971, Glenny and Hurst judged central state agencies to have been "particularly unsuccessful in their attempts to reallocate existing programs and functions and in discontinuing programs."³⁰ It remains to be seen how long this situation can continue in an era of mounting costs and stabilizing or declining enrollments.

Nonprofit Institutions

States exercise far less authority over nonprofit than public institutions. Even a license to operate is often not required, few states require authorization for new programs, and the review and reauthorization or disapproval of existing programs is rare. Established nonprofit education operates largely free of state quality standards. Indeed, in one view, it was the absence of such standards that led to the development of private accreditation;³¹ and as states move to strengthen their standards, conflicts can develop with accrediting bodies.

Undergraduate and graduate education in America began as private ventures; a century ago, private institutions enrolled over 80 percent of students and though, in the fall of 1978, they enrolled only 22 percent, a majority of colleges and universities are still private. As public institutions proliferated and flourished, the classical (or, as Veblen would say, deliberately useless) curriculum or, in its modernized

version, the liberal arts curriculum of private colleges was the chief model they emulated or rejected.

In colonial days, the status of the college was mixed "private-public," rather than purely "private."

Chartered by the state, its board of trustees often included public officials ex officio....On a year-to-year basis the colonial college was usually expected to balance its books without tax assistance, but when it needed a new building or had other "special" expenses it often appealed successfully for legislative help....Its position was in some ways analogous to that of a modern private university vis à vis the federal government: dependent, but not wholly so; responsive, but not wholly so.³²

Subsequent efforts by the new state governments to establish formal control over private colleges were rejected by the courts. In 1819, the Supreme Court overturned the actions of the New Hampshire governor and legislature making Dartmouth College "entirely subservient to the will of government," ruling that "The founders of the college....contracted for a system, which should...retain forever the government of the literary institution they had formed, in the hands of persons approved by themselves."³³

The early charters of institutions like Dartmouth, Harvard, Yale, Columbia, Princeton, and Pennsylvania (all predating the establishment of the federal and state governments) and some charters issued later by state legislatures "were granted absolutely, without reservation to the state of the right to alter....them."³⁴ These inviolable charters have given older private institutions a legal independence of state authority and an outlook of independence which, shared by newer institutions (with violable charters or mere renewable licenses), has not facilitated the work of state regulators.

This outlook may be summarized as: regulate the perfidious insti-

tutions, those without standards, not us. Institutions "without standards" include: 1. degree mills, 2. institutions with misleading and brazen marketing practices and shoddy offerings, and 3. institutions which reach far afield to poach upon established educational preserves. But the state cannot constitutionally discriminate among institutions, though that may be the underlying intent of state law (as of private accreditation). Hence, reputable institutions must choose between subjecting themselves to unwanted regulation or permitting unwanted institutions to operate without regulation.

Growing State Licensing

For long years, they have chosen no, or weak regulation. But the "New Depression in Higher Education,"³⁵ the growing state regulation of public institutions, growing state aid to private institutions, efforts to develop comprehensive plans for all public and private post-secondary institutions, and efforts to limit abuses in federal student aid programs have led to the gradual enlargement of formal state controls over private institutions.

A 1970 study found that, in 30 states, no special authorization beyond an application for a charter such as is routinely awarded to any business or nonprofit organization was required to establish a nonprofit college; in 43 states, the only authorization required by nonprofit colleges for new degrees and programs was that of their own board or president.³⁶

In December 1977, Jung and associates reported that 38 states exercised some responsibility over nonprofit colleges, 30 states undertook some "courses or program authorizing," and 23, "course or program regulating" at private colleges.³⁷ State oversight of private insti-

tutions has undoubtedly been increasing; in 1977 alone, nineteen states adopted new laws or regulations governing private colleges or proprietary schools.³⁸ However, Jung's figures on course or program authorization and regulation are highly suspect, suggesting a degree of state regulation that is not supported by empirical observation, the experience of college administrators, or a closer inspection of his own data.³⁹ The most plausible explanation is that state licensing of private colleges was somehow equated with the authorization and regulation of their programs. (Licensing and program authorization would be identical for an institution offering only one program of study.) A 1978 survey confirms this surmise. It indicates that in only 14 of 46 responding states did private institutions require state approval to offer a new degree level; in only 8 states was approval needed for new programs at a degree level in which programs were already offered.^{39a}

It has been estimated that over 1,000 private institutions were licensed in 1975.⁴⁰ That would have left under 600, including many large and well-known institutions, still unlicensed because of their exemption from licensure or their location in states without licensing laws.

A 1975 conference one of us attended conveyed a realistic picture of the accomplishments, problems, and limitations of state regulation of nonprofit colleges which does not emerge in formal accounts and statistical summaries.

How does the licensing office learn of the existence of substandard operations...? Often, it seems, by chance [and not from a vast volume of nonexistent program "regulation"]: an ad noticed in a newspaper, maybe a letter from an irate student. What then? Most "offices" in fact are composed of one or two people, one...may be a secretary,

the other...may perform the function on a part-time basis. Assistance from the State attorney general's office may be slow in coming (and inexperienced)....

(Trying to arrange an interview with the educational specialist in one state attorney general's office, we heard a recorded announcement:

"Due to budget restrictions, we do not have enough staff to provide full-day service." The telephone lines, which were very busy, were open only from 1:00 to 5:00 p.m.)

Though a conference survey "found at least 34 states which said they had an agency responsible for licensing private degree-granting institutions," a number were "nascent or paper operations"; an "educated guess" was that "about 25 States have functioning licensing authorities...."⁴¹

Stricter licensing laws have been advocated as a solution to the perennial problem of "degree mills"--enterprises which blatantly advertise and sell "degrees" (that is, suitably printed paper) for a stated price. Degree mills are an insult to reputable institutions and state agencies responsible for the supervision of legitimate education. Their bogus character is self-evident. Yet because those who sell and buy paper degrees benefit from the transaction, it has proved impossible to stamp it out.

A 1959 study of degree mills pointed hopefully to a 1958 California statute as "a unique example of comprehensive legislation designed for long-range control of all possible unethical activities....This legislation [followed]...four years of intensive investigation of the degree mill problem in that state by the Attorney General's office."⁴² However, California is now, as before 1958, commonly pointed to as a state with inadequate legislation, because of a provision granting a

charter to any institution with \$50,000 in assets. In the state of Washington, it costs only \$50.

More recently, model legislation drafted in 1973 by a task force of the Education Commission of the States has been advocated for states with weak or no licensing laws;⁴³ and Jung found most state licensing laws weaker than the ECS model.⁴⁴ Yet he characterizes this model as "a minimum standard" (his italics), which is "now dated and in need of more specificity" and "is obsolete in a few...provisions."⁴⁵

The diversity of state laws, the multiplicity of state postsecondary educational agencies, and the limited funds and staff available for enforcement purposes present at best a modest challenge to determined degree merchants; the protracted nature of legal proceedings, freedom of movement, and the right of any citizen to earn a livelihood (even in a field where he has been convicted of a crime) ensure their opportunity to pursue their business.

...Florida recently closed down a flimsy "university" it had earlier chartered. The outfit moved to Delaware where it succeeded in getting itself a charter but failed in attracting students. After a flirtation in Missouri, it finally settled in Arizona, which collects \$100 and issues a charter. Using this charter and an Arizona post office box number, the "university" reappears in Florida to do business. Incredible? Perfectly possible and not that uncommon....Delaware had no way of knowing the applicant "university" had just been run out of Florida, nor could Missouri learn of the two previous charters, nor can Florida do much about Arizona's laissez-faire approach to incorporation....given the interstate commerce clause and notions of comity among states and the disposition of entrepreneurs to operate across state lines, the "system" of licensing will never be much stronger than its weakest State link.⁴⁶

Most state licensing laws exempt certain classes of institutions. Thus, the ECS Model State Legislation exempts institutions offering instruction up to the 12th grade; education "sponsored by a bona fide trade, business, professional, or fraternal organization...solely for

that organization's membership, or offered on a no-fee basis"; education "solely avocational or recreational in nature"; education "offered by eleemosynary institutions...[if it] is not advertised or promoted as leading toward educational credentials"; and public institutions.⁴⁷ Other commonly exempted classes are accredited institutions, bible schools, institutions established before a given date, foreign institutions, and institutions licensed by a state professional board, such as schools of cosmetology, barbering, or nursing. The ECS task force stated that "certain programs are exempted, since the Task Force felt that the possibility of their violating consumer protection would be remote."⁴⁸ But each exemption offers additional schools an opportunity to escape licensing regulations. Exemptions enable influential groups of schools to have it both ways: to subject other schools to state scrutiny and control while themselves escaping it. Jung reports that "state agency officials were almost unanimous in either regretting...exemptions for accredited schools or expressing satisfaction that their laws did not permit such exemptions."⁴⁹ Edward Hollander, Chancellor of the New Jersey Department of Higher Education, declares, "The scope of [state] oversight should extend to all institutions with degree-granting powers. No exceptions should exist through statute."⁵⁰

The Painful Limitations of Regulation

Regulation is at best a difficult and painstaking business. Officials cannot impose compliance upon schools which refuse to comply: they cannot issue orders without due process or constantly monitor the degree to which their orders are obeyed. They cannot behave unreasonably and arbitrarily and must eventually accept a grudging and unsatis-

factory compliance or take the arduous and painful course of moving to withdraw an institution's license. The saga of efforts by the New Jersey Board of Higher Education to improve the education or revoke the license of Shelton College illustrates the agonies of state attempts to regulate the quality of private institutions.

In April 1954, Shelton College, "a Christian liberal arts college" associated with the Twentieth Century Reformation Movement, moved to New Jersey from New York City and received a 14-month state authorization to confer the Bachelor of Arts and Bachelor of Religious Education degrees. In April 1955, the authorization was extended another 14 months. The college received at least thirteen additional authorizations for short periods, each conditioned upon steps it was to take to meet minimum licensure standards. At least eight evaluation visits were made by the state staff including Chancellor Ralph Dungan and such consultants as the presidents of Upsala and Union Junior Colleges, the provost of Princeton, and the treasurer of Drew University. In 1957 and 1965, department officials recommended that the college be closed. From June 1969 to June 1970, the Board of Higher Education held thirteen days of hearings (interrupted by illness, death, and an appeal to the court) on whether the college's license should be revoked; 1900 pages of testimony were taken. In January 1971, the Board finally revoked the license, sustaining 12 of 19 charges brought against the college, including

...charges that Shelton offered in its catalog courses that were not actually taught, listed and offered programs not approved as required by the Department, experienced a constant turnover of administrative officers, employed faculty inadequately prepared for the subjects they taught, failed to observe its own announced standards in admitting students, provided an insufficient supply of catalogs, maintained in-

adequate library resources, failed to develop an adequate fund-raising program, and was inadequately financed to offer salaries which would allow it to attract and retain competent faculty and administrators.

Whereupon, less than two months later, Shelton College President Rev. Carl McIntire acquired control of a bible college and seminary in San Diego County, California.⁵¹

The recent growth of out-of-state extension programs has been a significant factor in strengthening state licensing laws and their enforcement. As many of these programs are new, a clause exempting public institutions established for X (perhaps 10) years is a simple way to unite most in-state institutions to repel foreign invaders or make their operations more costly.

The director of a new licensing agency in a Southern state told us frankly that his office was established to reduce out-of-state competition. Programs offered at military bases by regionally accredited public and private California, Michigan, and Illinois institutions, under-pricing those of in-state institutions, were particularly aggravating. The aggravation was confirmed by a senior administrator of the state university system. Both officials recited the same litany of complaints: the lack of library resources; poor facilities; and ad hoc faculty (but their quality could not readily be impugned, since many were state university faculty working part-time for a fee); the convenient times and locations of courses (but does the inconveniencing of students promote the quality of their education or the convenience of their faculty?).

In the fall of 1977, at least 68 out-of-state institutions--50 nonprofit, 1 for-profit, and 17 public--offered degree-credit courses in one or more of the fourteen Southern states from Maryland to Texas.

Two, LaVerne College, California and Upper Iowa University (both small private institutions) were active in all fourteen states, and the following, in six or more; Central Michigan University; Columbia College, Missouri; Eastern Washington University; El Paso Community College; Embry Riddle Aeronautical University, Florida; Nova University, Florida; Pepperdine University, California; Southern Illinois University; and the University of Southern California.⁵² Florida, which adopted a new licensing law in 1971, first "shut down over 100 fraudulent or shaky operations."⁵³ Then, in 1978, the state Board of Independent Colleges and Universities notified Central Michigan, Columbia College, Pepperdine, and the University of Southern California that "the licenses of their extension programs in Florida will be revoked because...their libraries, administrative staffs, and academic counselling programs do not meet Florida state regulatory standards...."⁵⁴

The experience of Nova University with state licensing attests to the diversity of state practice and the use of licensing to restrict competition. A largely traditional institution located in Fort Lauderdale, Florida (and accredited by the Southern Association of Colleges and Schools), Nova offers nontraditional graduate programs in education and public administration to "clusters" of students across the country, who meet Fridays and Saturdays once a month for over two years. In California, Nova was recognized as an exempt institution because it was regionally accredited; in Illinois, it was licensed promptly after inspection and in Pennsylvania, after lengthy inquiries and a demonstration of the "need" for the program; in Connecticut, a license was long withheld but the program was permitted to operate; in New Jersey, the program was barred for five years until a license was finally issued;

in New York, the program operated for several years and was then barred "due, in part, to the existing moratorium on all new doctoral programs."⁵⁵

State "authorities....have made what are demonstrably very superficial examinations," the director of the public administration program writes, "...relying on the advice of committees composed of representatives from in-state colleges..."⁵⁶

In 1976, Nova was advised by the University of North Carolina, which also serves as the state licensing agency for private degree-granting institutions, that its programs in North Carolina were illegal because they had not been licensed. On the day its license application was eventually denied in December 1978, Nova brought suit, in both state and federal courts, against the University of North Carolina and its Board of Governors in an action with national significance for testing state powers to regulate in-state and interstate higher education. The brief charged:

The state of North Carolina is prohibited by the Free Speech Clause of the United States Constitution from regulating Plaintiff's activities in North Carolina insofar as they constitute teaching....

These activities are also protected from state regulation by the Interstate Commerce Clause of the United States Constitution and by the Free Speech Clause of the North Carolina Constitution....

The only activities in which Plaintiff engages in North Carolina are the recruitment and teaching of students....Nova University does not confer degrees in North Carolina. It confers degrees in Florida (pursuant to authority conferred upon it by the State of Florida) in recognition of studies pursued partially in North Carolina and partially outside of North Carolina. Any attempt by North Carolina to regulate Nova's award of degrees in Florida constitutes an assertion of extraterritorial jurisdiction...[which] violates the Full Faith and Credit Clause of the United States Constitution.

...of all 38 private local North Carolina institutions now operating, none has had to apply for a license from the University of North Carolina nor undergo the kind of examination that has been imposed on Nova University. This "grandfathering in" of all in-state

institutions and the exclusion of out-of-state institutions like Nova University violates the Equal Protection Clause....

...the University of North Carolina [is] the natural competitor of any private educational institution seeking licensure. This is like having Macys judge Gimbel's....

The regulations of the Board of Governors were designed for the purpose and with the motivation of keeping private out-of-state institutions out of North Carolina. They are therefore invalid under the Equal Protection Clause....of the United States Constitution.

Hollander notes that state agencies are under pressure to be lenient with in-state and strict with "foreign" (out-of-state) institutions. "If compliant with these pressures, states are inviting a U.S. Supreme Court test of the 'commerce clause' as regards higher education."⁵⁷ However, it is easier to suspect such discriminatory treatment than to prove it in court. Interstate educational traffic upsets the comity formalized in state plans prepared by "1202" commissions representing all public and private postsecondary institutions. That test of "need" can exclude out-of-state institutions which have not been a party to such treaties defining in-state educational boundaries.

New Jersey does permit an out-of-state institution...to operate within the state if the incoming institution meets a demonstrated need Need is established if a school system, a commercial corporation or other agency concludes that a relationship with the out-of-state institution is most appropriate...after review of the alternative arrangements that could be made with a New Jersey institution. By way of contrast, need in New York is established only if there is no New York institution available and willing to undertake the program....If the New York definition becomes widely accepted, interstate institutional mobility will be impossible.⁵⁸

Private Accrediting and State Licensing

The strengthening of state licensing agencies is producing another round in their interminable, real and shadow, boxing with accrediting agencies. It is all but impossible to speak neutrally of state education or private accrediting agencies without indicating, by

one's choice of words, one's opinion of their legitimacy and competence. The authority of the state to license and regulate higher education is unquestioned; the wisdom and manner of its doing so is very much in question. Ham-fisted clerks and computers which treat deans and professors like motorists in traffic court are no more welcome from the State House than from Washington. As Hollander observes,

...state oversight...is threatening. It borders on state intrusion into the academic activities of the institution. The boundary that separates academic freedom from academic accountability is neither well marked or well defined.

....The state board or commission that exercises such power should have all of the attributes usually delegated to a board of trustees with governance power over a degree-granting institution. Academic accountability should not be vested in appointed officials, the budget office nor the staff of the legislature.

....Academic oversight should be exercised by a staff holding academic credentials and meeting academic requirements consistent with those required for academic administrators within the institution.⁵⁹

Whatever may be said about the limitations of regional accrediting associations in assuring the minimal quality of far-flung and varied institutional offerings, they come closer than the average state agency to meeting these specifications: which is only to be expected of associations organized by and for institutional administrators. Certainly, accredited institutions would like to regulate themselves and have the state devote itself to the regulation of unaccredited institutions; that is the explicit function of the exemption from licensure granted to accredited institutions in many states. If accrediting were stricter, more frequent, and more effective, there would be less conflict between accrediting associations and the state.

One sign of conflict is the dispute over a word. The private accrediting community would like the word "accredit" and "accredited"

confined to their own activities and institutions; if the word could be owned like a trade name, they would bar its use by state or federal agencies. (This attitude contributed to changing the name of the U.S. Office of Education's Accreditation and Institutional Eligibility Staff to the Division of Eligibility and Agency Evaluation.) In their view, government agencies may "license" or "approve" but should never "accredit," since government accrediting, representing an imposition of government educational standards, would be a dire threat to academic freedom, barely a step removed from government dictation of the content of texts and courses. As the National Commission on Accrediting affirmed in 1969, "the term 'accreditation' should be used exclusively by regional and national organizations and...state agencies should confine their activities to 'approving,' 'registering,' or 'recognizing' institutions or programs."⁶⁰ However, officials in at least 20 states have insisted on using the word "accredit" to characterize their "approval" of institutions or programs (especially teacher education programs)⁶¹ and, upon occasion (as in Maryland), have even obtained a ruling from the state attorney general that this usage is legal and proper.

The fact is that, as the authority of state agencies is strengthened, licensing standards are lengthened, and licensing procedures entail visits of inspection, the use of academic consultants, hearings, and provision for appeals, state licensing and private accrediting can become increasingly similar. Accrediting agencies have adopted due process provisions such as notice of adverse decisions, hearings and appeals, long customary for government agencies; while state agencies have borrowed formats and standards from the regionals, whose standards, in turn, were earlier derived, in part, from those of New York Regents.

The Regents alone, of all state agencies, are listed by the U.S. Commissioner of Education as an accrediting agency "recognized as reliable authority on the quality of training" in the full spectrum of postsecondary education. State officials have sought, and accrediting agencies have fought, statutory changes which would oblige the Commissioner to recognize additional state agencies (and thereby render the schools which they approve eligible for participation in OE student-aid programs and approved for veterans benefits under Sec. 1775). To date, however, state agencies have been recognized only for limited purposes: eight (as of January 1979), for the approval of nursing education programs and ten, for public postsecondary vocational programs, as required by the "Mondale Amendment" of 1972. The original language of that amendment called for the recognition of state agencies for the approval of all postsecondary vocational programs, but lobbying by proprietary schools and their accrediting agencies confined recognition to public programs. Again in December 1975, state officials sought to broaden the legislative language to enable state agencies to be recognized as "reliable authority" on the quality of private vocational education, but failed because of opposition by the Council on Postsecondary Accreditation and the American Council on Education.

Until the 1950s and '60s, when the administration of federal aid to veterans and then to other students was hinged in lesser or greater part to the accredited status of the schools they attended, the paths of federal agencies and accrediting associations rarely crossed. As financers of public and sanctioners of private institutions, the role of state governments was more critical to the success of accrediting. During the early decades of the century, the absence or weakness of

state institutional licensure fostered the growth of regional accreditation, whereas the creation of state boards licensing the practice of medicine, law, and other professions fostered the growth of professional accreditation. Institutional accrediting occupied a void uninhabited by state government, while professional accrediting went hand-in-hand with state licensure of individual practitioners: professional associations lobbied for the adoption of laws enabling licensing boards which they dominated to control the number of practitioners by limiting examinations to the graduates of accredited schools and by determining the questions and the passing scores on the examinations.

As state laws governing the standards of degree-granting institutions have been strengthened, the potential for conflict between state authorizing agencies and institutional accrediting agencies--between visible public regulation and invisible self-regulation--has increased. The presidents of accredited institutions may have promoted these laws to restrain competition by out-of-state and cut-rate in-state institutions; to serve their interests, the laws must either exempt, or deal deftly with, their institutions. But it is a delicate game to discipline one group of private institutions and yet spare the others the rigors of state inspection and authorization. Power, conferred on a state education agency, may not easily be withdrawn--may even, in changed circumstances, be exercised on those who conferred it.

In Florida, in the 1960s, college presidents (traditionally hostile to professional accrediting, which impairs their control over the standards and budgets of their professional programs and enlarges that of department chairmen, deans, and professional associations) prevailed

upon the legislature to bar the expenditure of public funds for accrediting fees (to the National League for Nursing) for nursing education programs. That was a dangerous precedent, since the legislature of a major state could seriously injure a regional accrediting association by barring public institutions from paying fees to it or requiring the association to meet prescribed conditions such as opening its hearings and reports on public institutions to the public, as has been done in Florida. Bills proposing to establish a state "accrediting" agency have been particularly threatening to the Western Association, which accredits only in California, Hawaii, and Guam and has sought to merge with the Northwest Association to become less vulnerable to actions of the California legislature.

State Program Authorization

As indicated, state agencies rarely authorize individual programs at private institutions, except at one- or several-program institutions where licensing and authorization are identical. It is even rarer for states to review established programs at established institutions (private or public) and subject them to periodic reauthorization or (a power implicit in meaningful authorization) termination. The strength and adaptability of private institutions has been based, in part, upon their freedom from authorization, budgeting, expenditure, enrollment, and territorial controls imposed upon public institutions. However, as the power of state education agencies grows and private institutions receive increasing sums from state legislatures, participate in comprehensive statewide planning bodies, and provide public agencies with increasingly detailed information about their operations (their expenditures, enrollments, and program offerings), the likeli-

hood increases that the state will authorize or bar the right of private colleges to offer given programs.

In 1971, the oldest and most powerful and comprehensive state education agency, the New York Regents (which resembles a European education ministry more than the typical American state board with fractionated powers) imposed a moratorium on new doctoral programs in private as well as public institutions. After careful review by expert committees, the Regents moved to terminate several doctoral programs at private and public institutions. This astonishing display of state power is more comprehensible in light of the money the state was giving to private institutions (at the time, some \$2,400 per doctoral degree awarded) and many private institutions' endorsement of the state action, which served to temper competition from previously unbridled public institutions and to strengthen the hand of private administrators against their own faculty.

In 1977, "all but four states...and the District of Columbia made aid...in some form, direct or indirect, available to private institutions or their students."⁶² Insofar as public accountability and regulation follows public funding, additional examples of state program review and discipline at private institutions may be anticipated.

For-Profit Schools

While nonprofit colleges and universities remain the least regulated sector of postsecondary education, for-profit vocational schools are more accustomed to state regulation: in January 1977, only Missouri, Utah, and Vermont had no laws regulating their operations.⁶³ Unlike many nonprofit colleges, proprietary schools receive

no charters exempting them from state control. They have no tradition of academic independence--their courses are practical, not academic. Their training is often closely tied to on-the-job, income-producing work in dental or medical laboratories, hospitals, beauty salons, automotive repair, and other commercial, industrial, professional, or paraprofessional settings. Their attitude to either federal or state government resembles that of private business, resentful of controls and paperwork and striving for operational freedom, but inured to government regulation. Small schools may find the paperwork requirements of accrediting agencies as well as government onerous, whereas large corporate schools can be astonishingly proficient at it.

Typically, proprietary schools operate under a renewable annual license issued by a state education or vocational education agency; a state board licensing practitioners and schools in a given field such as nursing, psychology, cosmetology, barbering, or motoring;⁶⁴ or a business license issued by the Secretary of State to any store or corporation. The licensing law or regulations may require the maintenance of student and financial records; safe, sanitary, and adequate facilities; honest advertising, catalogs, and recruiting practices; a minimal tuition refund policy; bonding; sufficient qualified faculty and administrators; adequate financing; and a curriculum of adequate length and content. However, Jung and his colleagues found many weaknesses and omissions in state licensing laws and regulations, which were commonly less comprehensive than the model statute proposed in 1973 by the Education Commission of the States, which "represents a minimum standard for extensiveness of coverage" (their emphasis).⁶⁵

The state agency licensing proprietary vocational schools is fre-

quently also responsible for approving courses at these schools for veterans benefits; the joint authority gives the agency considerable power over their operations. The extent of cooperation or conflict between the agency and the schools rests, among other factors, upon the extent to which the law exempts accredited schools or agency officials confer a special standing on them (such as approval for veterans under Sec. 1775 of Title 38). Business, trade and technical, and correspondence schools accredited, respectively, by the Association of Independent Colleges and Schools, the National Association of Trade and Technical Schools, and the National Home Study Council are often among the larger and more influential schools, which may be part of a local or national chain or affiliated with a major corporation like Bell & Howell, the Radio Corporation of America, or McGraw-Hill. They are influential nationally, through their corporations and accrediting associations, and locally, through their business connections and state associations which lobby for favorable legislation, financial aid for their students, and state contracts with private schools for educational services.

Agency Neutrality and Alliances

The support of accredited schools is important to passage of licensing legislation and can be a significant help, subsequently, to an understaffed licensing agency in policing malpractice (and their special status can induce schools to seek accreditation). Complaints by schools against misleading advertising or recruiting practices by their competitors provide (together with complaints by students) a major basis for inquiries and remedial action by state licensing agencies and attorneys general.

Some of the most vigorous pressures upon...[three] state boards [licensing Pennsylvania proprietary schools] to expose fraudulent practices and rescind licenses has come from operators of legitimate licensed schools who fear the entire proprietary sector is stigmatized by the malpractices of the few. The membership of the...boards is made up of operators as well as laymen.⁶⁶

Proprietary school representatives may also provide a stream of information about improper or dubious advertising by their arch competitors, public community colleges. We cannot say how many community college officials return the favor.

Some critics--reporters and staff of consumer protection agencies, attorneys general offices, and the Federal Trade Commission--find it reprehensible for state licensing officials to be "in league" with proprietary schools and their accrediting agencies. As has been noted, the same kind of "alliance" can be found between state officials and private colleges and universities. Nothing is more common than the growth of informal collaboration between regulators and those they regulate. It is difficult for a staff, exposed to political pressures and criticism, to maintain permanently a posture of impeccable neutrality like that of a sports umpire. The staff need support to withstand the criticism, and that can most readily be found (in exchange for appropriate solicitude) in at least a major segment of the regulated industry.

One state agency responsible for licensing proprietary schools affords an example. The earnest, well-informed, hard-working staff appear to do an unusually good job on a small budget. The director is fully aware of the hazards of proprietary schools noted by consumer advocates --the overselling of education by transitory commissioned salesmen; glossy programs in fields with few employment prospects for graduates; modest facilities and shaky finances. He would like to rein in salesmen from a gallop to a trot, favors a fair (not a pro rata) refund policy,

opposes the selling of federal financial aid, and requires schools to establish escrow accounts for advance federal payments. A devout, moral man, he can be stern with clearly unscrupulous men, but his integrity and faith in human nature may enable others to put things over on him. He encourages schools to seek accreditation and will sit down with a proprietor and help him add the necessary general education courses. If a school is deficient, he tries to help it improve, not to shut it down. "I believe in the free enterprise system." That attitude leads some observers to regard him as an "advocate" of for-profit education; he would probably not dispute that designation, though he would, with some justice, object to its pejorative usage.

The disposition of staff to identify with and assist the schools they regulate may be entirely in keeping with the objectives of state law, which may combine an endorsement of private education with an affirmation of standards of quality and honest practice.⁶⁷ The disposition may grow as staff gain experience, as the director of the Veterans Administration San Francisco regional office has noted:

...the [California] Bureau [of School Approvals, which both licenses private schools and approves courses for veterans benefits] loses a great deal of its ability to meet its contractual obligations to the Veterans Administration because the representatives are assigned to supervise the same schools year after year. After a period of time they are unable to comply with Title 38....Objectivity is often abandoned in favor of a protective attitude toward the school.⁶⁸

The head of a state approval agency which also serves as licensing agency for proprietary schools made the same observation. "You should never have a staff person who calls on the same school over and over. They will lose their objectivity." One report suggests that the "State licensing agencies for proprietary schools have established a close and significantly unique relationship with the proprietary school in Oregon

which is nationally unprecedented."⁶⁹ But such a relationship is neither unique nor unprecedented.

A number of developments have strengthened the position of proprietary schools. Since 1965, students at accredited schools have been eligible for insured federal loans. Proprietary school representatives must by law be included on the comprehensive state planning commissions for postsecondary education established under the 1972 Education Amendments. The gradual shift, in nomenclature, policy, and public discussion, from "higher" to "postsecondary" education represents a broadening of the traditional universe of colleges and universities to include proprietary (and public) vocational schools. Over 1,000 proprietary schools are now represented on the Council of Postsecondary Accreditation and included in its directory on an equal basis with some 2,900 degree-granting institutions. A few, which grant degrees, have been accredited by regional associations (after Middle States won the legal battle, in the Marjorie Webster case, and lost the war to exclude them). An increasing number now award degrees. Thus 51 two-year and 15 four-year proprietary institutions are included in the National Center for Education Statistics' 1977-78 Education Directory of Colleges and Universities; additional for-profit institutions not listed therein also award degrees with state authorization⁷⁰ (or without it, where none is required). In November 1978, 313 for-profit degree-granting institutions had one or more programs approved for veterans benefits.

The shift from the award of certificates for the completion of a vocational program of clock hour courses to the award of degrees for a similar program of courses for credit has several advantages. It enhances a school's status and competitiveness; facilitates the ac-

ceptance of credit, especially at accredited schools, by students who subsequently transfer to four-year institutions; enables veterans to obtain higher benefits for the same hours, or the same benefits for fewer hours, of attendance than in certificate programs; simplifies school record-keeping and reporting requirements; and allows an accredited school to escape the requirements of the recent Federal Trade Commission rule imposed on other proprietary schools.⁷¹

The Limitations of Licensing

Discussions of the effectiveness of state licensing efforts too often begin and end with an evaluation of licensing laws and budgets, as if more comprehensive laws and regulations and more inspectors would necessarily improve their effectiveness. Unfortunately, the persistence of abuses (the deception of students, inspectors, or the public) in proprietary schools (as well as public and nonprofit institutions) suggests the inadequacy of the assumption. The steps from no to some regulation, and from no to some significant enforcement of existing regulations, doubtless reduce certain abuses, if only by reducing the number of schools operating without a license and providing officials and the public with the elementary (albeit not always current, complete, and fully accurate) information about programs, locations, and administrators on licensing application and renewal forms.

But several factors limit the effectiveness of even well-staffed and energetic licensing agencies. Proprietary schools are highly volatile. Roughly 10 percent expire and another 10 percent are established each year; changes of ownership, name, location, and programs are frequent. Teachers hired on short-term contracts and recruiters reimbursed by commission turn over frequently; students are admitted and depart at frequent intervals. Advertisements appear in and disappear

from ephemeral places: matchbox covers, bus placards, mass circulation newspapers, radio spots. Regulating this industry is like regulating a storm of leaves.

Larger proprietary schools have greater resources with which to meet or withstand the requests of regulators. Neither a state nor a private regulatory agency (such as an accrediting association) can demand perfection. Indeed, the appearance of meeting precisely every regulatory standard may arouse suspicion that things are too good to be true. The rule of reason requires reasonable, not perfect compliance and allows for a degree of error, misjudgment, and the countless distinctive circumstances that do not fit the terms of uniform forms and regulations. To challenge a large school with many students, experienced administrators, and good lawyers requires solid evidence of deliberate, persistent breaches in significant regulations, abuses which are not corrected despite repeated warnings. The open flouting of authority is imprudent and unnecessary, when less open, more varied, and intermittent abuses can persist without a major confrontation. As Kentucky Assistant Attorney General Robert Bullock observes, "The most difficult problem involves the quasi-legitimate or legitimate proprietary or educational institution. These institutions may generally abide by the law but occasionally or, in some instances, with frequency engage in unfair, false, misleading, or deceptive practices. Many times the individuals who are in such schools may be prominent members of the community."⁷²

The experience of New York State illustrates many of the limitations of regulation. As noted, the New York Education Department is unique in the scope of its authority over private postsecondary schools.

Over the years, the State Legislature has given the Department the power to monitor and regulate almost every aspect of the profit-making schools operations, including all forms of advertising and promotion, off-premise salespeople, the adequacy of training, physical plant requirements, attendance standards, record keeping, licensing of teachers, the refund formula for students who do not complete training, and the bonding of schools to protect student tuition in the event of bankruptcy. The Department has the power to discipline schools that violate the law by revoking or suspending their licenses to operate, issuing cease and desist orders, restricting rights, powers or privileges, assessing fines, or any combination of such actions.⁷³

Despite these powers, a report by the New York State Consumer Protection Board documents and details the customary catalog of abuses by many proprietary schools, including "rampant deceptions...concerning the likelihood of success in school and of job placement"; "advertising excesses"; "fast talking and fast closing salesmen"; the failure of schools to comply with their own attendance and entrance requirements, "many of which exist only to qualify for financial aid"; inadequate plant and equipment; and "a near confiscatory refund formula." The Board concludes that licensure "provides students with little assurance that their interests are being protected, or that one, two or three years of their lives will not be wasted on a cynically-created illusion." Yet it urges the extension of regulation to degree-granting proprietary schools, consideration of measures to protect students at traditional colleges and universities, stricter enforcement of existing regulations, and a general retraining, invigoration, and increase of regulatory staff.⁷⁴

After protracted investigations and hearings continuing over a period of years, surely the most prodigious and authoritative inquiry ever conducted into proprietary education, the Federal Trade Commission has reached similar conclusions which may be summed up as: state regulation of proprietary schools has failed to control malpractice, hence

stricter federal regulation is required. Since the assumption by the Commission of authority over proprietary schools was a direct affront to the authority of state agencies, Joseph A. Clark, president of the National Association of State Administrators and Supervisors of Private Schools, protested its role soon after the association was formed in 1972 (with the active participation of the heads of many state approval agencies for veterans). Clark criticized the Commission for issuing a packet of consumer education materials on vocational schools without notifying state officials and urged that

(1) Any literature the Federal Trade Commission plans on disseminating to high school counselors and students that casts a bad light on the proprietary schools should be cleared with state officials, so that information could be uniform in reflecting what is best for student and school alike.

(2) If the Federal Trade Commission begins an investigation of a particular school domiciled in any particular state, that state be notified so the state and the Commission could carry on a simultaneous investigation....Indiscriminate charges and poor publicity reflects upon the entire industry and does not mirror the work of the fine established private schools.⁷⁵

However, the Commission has not been impressed with the achievements of state regulatory bodies. Its report on proprietary schools holds that:

(1) State laws and regulations are often inadequate to deal with unfair and deceptive practices...;

(2) the laws...are not effectively enforced, both because of insufficient resources...and, at times, because regulatory officials seem more concerned with protecting the schools than their students; and

(3) individual state regulation--no matter how adequate--has difficulty dealing with out-of-state schools that enroll in-state students.⁷⁶

The Commission cited New York, Massachusetts, Ohio, Illinois, Wisconsin, Arizona, and California as examples of states with inadequate enforcement of their laws and regulations; and noted that the lack of funds often prevented state consumer protection agencies "from filling the

void left by school licensing bureaus."⁷⁷

Accordingly, in December 1978, the FTC issued a final trade regulatory rule effective January 1, 1980, which would require proprietary vocational and home study schools to inform prospective students about their graduation and (if claims are made about placement) placement rates; and to provide a cooling-off period, in which a student may cancel his contract and receive a full tuition refund, and subsequent pro-rata refunds, minus a registration fee. The rule "preempts any provision of any state law, rule, or regulation which is inconsistent with or otherwise frustrates" its provisions.⁷⁸ The "big three" agencies accrediting many proprietary schools--the Association of Independent Colleges and Schools, the National Association of Trade and Technical Schools, and the National Home Study Council--have each filed suit in the U.S. District Court to overturn the rule.

Thus, the FTC has embarked on a course of regulating an estimated 7500 or more proprietary schools in every state and jurisdiction. A skeptic may wonder how different the outcome of this ambitious effort at federal regulation will be from that of state regulatory efforts.

Footnotes

1. Steven M. Jung et al., A Study of State Oversight in Postsecondary Education, Final Technical Report, American Institutes for Research, Palo Alto, December 30, 1977. "No detailed or summary analyses of the laws and regulations on the public sector were attempted....it was felt that the amount of information contained in the abstracts of these documents did not justify further analyses" (p. 67).

2. Christopher Jencks and David Riesman, The Academic Revolution, Doubleday, New York, 1968, p. 265.

3. Robert O. Berdahl, Statewide Coordination of Higher Education, American Council on Education, Washington, D.C., 1971, pp. 26-7.

4. "Wyoming does not have...a board, while Delaware and New Hampshire have a 1202 Commission only" (John D. Millett, August 10, 1979 letter to Harold Orlans).
5. Richard M. Millard, State Boards of Higher Education, American Association for Higher Education, Washington, D.C., 1976, p. 11.
6. Berdahl, op.cit., pp. 22-2.
7. Millard, State Boards of Higher Education, pp. 24-5.
8. Ibid., pp. 30-31.
9. The \$80 million figure for federal higher education funds distributed in accordance with plans submitted and approved by a state agency is given by Richard Millard and Nancy Berve, "Postsecondary Education," The Book of the States 1978-79, The Council of State Governments, Lexington, Kentucky, 1978, p. 359.
10. Millard, State Boards of Higher Education, pp. 5-6.
11. Malcom Moos and Francis E. Rourke, The Campus and the State, John Hopkins Press, Baltimore, 1959, pp. 1-3; their study was conducted on behalf of the Association of Governing Boards of State Universities and Allied Institutions, the National Association of State Universities, and the American Association of Land-Grant Colleges and State Universities.
12. The Capitol and the Campus, State Responsibility for Postsecondary Education, A Report and Recommendations by The Carnegie Commission on Higher Education, McGraw-Hill, New York, April 1971, pp. 105-6.
13. Ibid., pp. 2-3.
14. Ibid., p. 106.
15. Eugene C. Lee and Frank M. Bowen, The Multicampus University, Carnegie Commission on Higher Education, McGraw-Hill, New York, 1971, p. 235.
16. Theodore J. Marchese in Approaches to State Licensing of Private Degree-Granting Institutions, The Airlie Conference Report, Postsecondary Education Convening Authority, Washington, D.C., November 1975, p. 106.
17. Robert J. Barak and Robert O. Berdahl, State-Level Academic Program Review in Higher Education, Education Commission of the States, Denver, February 1978, pp. 49-50.
18. Robert O. Berdahl, Statewide Coordination of Higher Education, American Council on Education, Washington, D.C., 1971, p. 135.

19. E. Alden Dunham, Colleges of the Forgotten Americans, McGraw-Hill, New York, 1969, pp. 25-6.

20. Barak and Berdahl, op.cit., p. 95.

21. "Each [institutional] governing board shall submit to the [state] Board...a comprehensive list...of all courses, together with a description of content, scope and prerequisites of all such courses, that will be offered by each institution...during the following academic year. The Board may order the deletion or consolidation of any courses so submitted after providing a hearing if one is requested..." (Robert Williams, Legal Bases for Coordinating Boards in Thirty-Eight States, Council of State Governments, Chicago, 1967, pp. 106-7, cited in Robert Berdahl, Statewide Coordination of Higher Education, p. 167).

22. Lyman Glenny and Julie Hurst, "Current Statewide Planning Structures and Powers," in Lyman Glenny and Weatherby, eds., Statewide Planning for Postsecondary Education: Issues and Design, Western Interstate Commission for Higher Education, Boulder, Colorado, 1975, p. 35.

23. Millard, State Boards of Higher Education, p. 51.

24. Millard and Berve, op. cit., p. 347.

25. Remark at the August 17, 1978 meeting of the advisory committee for this study.

26. "...the problem of definition...often results in one institution calling its offering a 'program'--thus, making it subject to review--while another...calls the same offering a 'track.'...The development of a functioning definition of programs is universally frustrated...by the lack of a detailed and meaningful taxonomy" (Barak and Berdahl, op. cit., p. 67).

27. New York State and Private Higher Education, Report of the Select Committee [the Bundy Committee] on the Future of Private and Independent Higher Education in New York State, State Education Department, Albany, 1968 p. 40.

28. Barak and Berdahl, pp. 57-8.

29. Coordination or Chaos?, Report of the Task Force on Coordination, Governance and Structure of Postsecondary Education, Education Commission of the States, Denver, October 1973, pp. 51-2.

30. Glenny and Hurst, op. cit., p. 33.

31. "Because of the failure or the unwillingness of the states to take steps that would guarantee the quality of education given by the institutions in their borders, it has become necessary in the United States to organize certain voluntary accrediting associations" (John Dale Russell, "The American College," in Mary Irwin, ed., American Universities and Colleges, American Council on Education, Washington, D.C., Sixth Edition, 1952, p. 18).

32. Jencks and Riesman, op. cit., p. 257.
33. Quoted in The Capitol and the Campus, Carnegie Commission on Higher Education, McGraw-Hill, New York, 1971, p. 14.
34. Edward Elliott and M.M. Chambers, The Colleges and the Courts, Carnegie Foundation for the Advancement of Teaching, New York, 1936, p. 181, cited in Robert H. Reid, American Degree Mills, American Council on Education, Washington, D.C., 1959, p. 62.
35. Earl Cheit, The New Depression in Higher Education, Carnegie Commission on Higher Education, McGraw-Hill, New York, 1971.
36. Higher Education in the States, Education Commission of the States, Volume 1, No. 2, March 1970, p. 1.
37. Steven M. Jung et al., Final Technical Report, A Study of State Oversight in Postsecondary Education, American Institutes for Research, Palo Alto, December 30, 1978, pp. 22 and L-1.
38. Jung et al., p. 21.

39. For example, Jung states that agencies in 30 states authorized courses and programs at an average of 27.7 private degree-granting institutions, and in 23 states were responsible for "course/program regulating" at an average of 34.1 private degree-granting institutions (see p. L-2), which would mean course authorization at a minimum of 831 colleges and course "regulating" at 784 colleges or, allowing for nonrespondents, at a minimum of 942 and 1,159 colleges, respectively.

However, officials in 30 states reported an average of 0.5 (that is, half of one) occasions, in 1976, when they took informal "regulatory" actions, and an average of 0.1 formal actions (such as hearings or license revocation) on the programs of degree-granting institutions (see pp. L 14-15).

It may be that the inflated figures on state program monitoring resulted from lax definitions of "authorizing" and "regulating" and an excessively detailed, unthinking scrutiny and tabulation of laws and regulations. Thus, Jung itemizes 25 possible statutory or regulatory provisions on course "length, content, goals, or objectives," such as that courses "be appropriate to institutional goals, plans, or status" or "be systematically planned"; that there be a definition of a "major and "electives"; that a "rationale for core and specialized courses" be given; etc. The discovery of even one such provision in the vast mass of statutory and regulatory verbiage examined was evidently enough to classify a state as being responsible for "regulating" courses at private institutions (see pp. I 2-3).

39a. See Jay L. Chronister, Independent College and University Participation in Statewide Planning for Postsecondary Education, National Institute of Independent Colleges and Universities Washington, D.C., November 1978, p. 17.

40. Approaches to State Licensing of Private Degree-Granting Institutions, The Airlie Conference Report, Postsecondary Education Convening Authority, The George Washington University, Washington, D.C., November 1975, p. 37.

41. Ibid., p. 10.

42. Robert H. Reid, American Degree Mills, American Council on Education, Washington, D.C., 1959, p. 70.

43. Model State Legislation, Report of the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, Education Commission of the States, Denver, June 1973.

44. Jung et al., p. 50.

45. Ibid., pp. 50, 108, 112.

46. Approaches to State Licensing..., op. cit., p. 14.

47. Model State Legislation, pp. 5-6.

48. Idem.

49. Jung et al., p. 97.

50. T. Edward Hollander in State Postsecondary Education Institutional Authorization and Oversight, Education Commission of the States; Denver, October 1978, p. 16.

51. This account is derived from a January 15, 1971 press release and 33 page summary of the administrative hearing decisions issued by the New Jersey Department of Higher Education, and copies of letters exchanged by Chancellor Ralph Dungan and a California state official.

52. State Regulation of Off-Campus Programs and Out-of-State Institutions, Southern Regional Education Board, 1978, pp. 6-7.

53. Approaches to State Licensing..., p. 8.

54. "4 Universities Threatened with Loss of Florida License," Chronicle of Higher Education, May 30, 1978.

55. Earl Hughes et al., Nova University's Three National Doctoral Degree Programs, Nova University, Fort Lauderdale, 1978, pp. 247-69.

56. December 13, 1977 letter from Roy W. Crawley to Harold Orlans, who has taught in this program. In Orlans' opinion, the Nova curriculum, readings and teaching staff are good or very good; the students, who usually hold responsible administrative positions, are outstanding, good, ordinary, and poor. The chief quality control problems of the

program are in the screening of students for admission; the painful difficulty of giving a failing grade to a mature, serious student; and, perhaps, the difficulty of agreeing upon appropriate intellectual standards for the D.P.A., a practitioner's degree, as against the Ph.D. These problems are generic to residential as well as external degree programs for mid-career administrators.

57. Hollander, op.cit, p. 18.

58. Idem.

59. Ibid., pp. 16-17.

60. "NCA Reaffirms Position Regarding State Accrediting," National Commission on Accrediting Reports, May 1969,

61. See John R. Mayor, Accreditation in Teacher Education, National Commission on Accrediting, Washington, D.C., 1965, p. 24.

62. Richard Millard, "The States and Private Higher Education," Higher Education in the States, 1978, Vol. 7, No. 1, p. 1.

63. Jung et al., p. 18.

64. In California, for example, the following state boards and agencies can license or approve schools: Board of Barber Examiners, Board of Behavioral Science Examiners, Board of Cosmetology, Board of Medical Quality Assurance, Board of Vocational Nurse and Psychiatric Technician Examiners, Department of Health, Department of Industrial Relations, Department of Motor Vehicles, and Department of Real Estate (Directory of California Private Postsecondary Institutions, California State Department of Education, Sacramento, 1978, p. 4).

65. Jung et al., p. 50.

66. Louis W. Bender and James A. Davis, Danger: Will External Degrees Reincarnate Bogus Degree Mills?, Department of Higher Education, Florida State University, Tallahassee, July 1972, p. 60.

67. Thus the California Education Code states, "...it is the intent of this Legislation to encourage privately supported education and protect the integrity of degrees and diplomas conferred by privately supported as well as publicly supported educational institutions.

"It is also the intent of the Legislature to encourage the recognition by tax-supported institutions of work completed and degrees and diplomas issued by privately supported institutions, to the end that students may have equal opportunities for equal accomplishment and ability.

"In the present period the need for educational services for the youth is so great that it cannot be met by tax-supported institutions alone. The contributions of privately supported educational institu-

tions to the preservation of our liberties is essential. The objectives can best be achieved by protecting the integrity of degrees and diplomas issued by such institutions" (quoted in The Role of the State in Private Postsecondary Education: Recommendations for Change, California Postsecondary Education Commission, July 1976, p. 39).

On the other hand, the Texas Proprietary School Act states merely that "The aim in adopting this Chapter is to provide certification and regulation of proprietary schools in Texas."

68. Letter from R.F. Welch, Director, San Francisco Regional Office, to Bruce D. Hamlett, California Postsecondary Education Commission, April 26, 1976, in The Role of the State in Private Postsecondary Education, p. 52.

69. Dale E. Ward, The Proprietary School in Oregon 1971, Educational Coordinating Council, State of Oregon, Salem, February 1971, p. 17.

70. For example, in the fall of 1975 there were at least 137 degree-granting institutions in California (not counting branches of out-of-state institutions) which were not included in the NCES Education Directory; of these, 31 were for-profit (see The Role of the State in Private Postsecondary Education..., p. 24).

71. The rule exempts programs at accredited proprietary schools which are two or more years in length and result in "a standard college degree."

72. "Remarks on Consumer Protection Issues," presented to Keystone Staff Development Workshop for State Licensing/Approval Officials, Keystone, Colorado, July 18-July 23, 1976, Institution for Educational Leadership, Postsecondary Education Convening Authority, George Washington University.

73. The Profits of Failure: The Proprietary Vocational School Industry in New York State, New York State Consumer Protection Board, Albany, N.Y., July 20, 1978, p. 76.

74. Ibid., pp. 77-78, 88-90.

75. Joseph A. Clark, September 11, 1973 letter to Lewis A. Engman, Chairman, Federal Trade Commission.

76. Proprietary Vocational and Home Study Schools, Bureau of Consumer Protection, Federal Trade Commission, U.S. Government Printing Office, 1976, pp. 258a-259.

77. Ibid., pp. 264-70.

78. "Trade Regulation Rules," Federal Trade Commission, Federal Register, December 28, 1978, pp. 60796-827.

6. THE STATE APPROVAL AGENCIES I

Section 1771, Title 38, states, "Unless otherwise established by the law of the State concerned, the chief executive of each state is requested to create or designate a State department or agency, as the 'State approving agency.'" Normally, this is done in a letter from the governor responding to a request from the VA administrator. For example, an April 20, 1966 letter from Arkansas Governor Orval Faubus to VA Administrator W.J. Driver states, "This will acknowledge your letter of April 11th....I am designating the State Department of Education as the State Approving Agency for approval of courses offered by institutions in Arkansas under veterans laws...." An April 22, 1966 letter from North Dakota Governor William Guy states, "I have designated the North Dakota State Board of Higher Education as the state approval agency...." Designations may periodically be changed by action of the governor or legislature.

In 1978, 80 agencies in the 50 states, the District of Columbia, and Puerto Rico were approving programs of study or training for veterans. Of these, 79 were state agencies and one, the VA regional office in the District of Columbia.

In 26 states and Puerto Rico, a single agency was responsible for approving all kinds of programs, including those at job establishments, while in the other 24 states, approval responsibilities were divided among two or more agencies; 20 states had two agencies and 4 states--Minnesota, Montana, Oregon, and Washington--had three (Table 7).

Organizational Location

Approval agencies were most often located in Departments of Education whose other state functions (such as budgeting, licensing, and

Table 7

Number of Contracts and Approval Agencies, 1978*

Contracts Per State	Number of		Approval Agencies	
	States	Contracts	State	VA
1	27	27	27	0
2	19	38	38	0
3	4	12	12	0
0	2	0	2	1
Total	52	77	79	1

*Fiscal year 1978.

1. The 27 jurisdictions with one contract were: Alabama, Alaska, Arizona, Arkansas, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Michigan, Mississippi, Missouri, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wyoming.

2. The 19 jurisdictions with two contracts were: California, Connecticut, Florida, Hawaii, Indiana, Louisiana, Maine, Maryland, Massachusetts, Nebraska, New Jersey, New York, North Carolina, Ohio, Rhode Island, Utah, Vermont, West Virginia, Wisconsin.

3. The four states with three contracts were Minnesota, Montana, Oregon, and Washington.

Delaware had two state agencies operating without a contract and in the District of Columbia approvals were handled by the VA regional office.

planning) are, with a rare exception such as the New York Department of Education, typically confined to elementary, secondary, and vocational schools--the so-called K (kindegarten)-12 levels. That was the case in 18 of the 27 jurisdictions with a single agency and in 17 of those with two or more agencies. The second most common location was a Department of Labor or Labor and Industry, which was responsible for approving on-the-job and apprentice programs in 21 multiple-agency states. In five states, a Veterans Affairs department or agency was responsible for all, and in three, for some, approvals. Postsecondary Education Commissions undertook all educational (but not job) approvals in four states and those at degree-granting institutions in Washington. Colorado was the only state assigning all approvals to a higher education agency, although five others lodged college course approvals there. In Wisconsin, an independent Education Approval Board was responsible for all approvals at colleges and schools (but not job establishments).

The foregoing summary overlooks numerous details and complications, such as the assignment of flight school approvals in four states to a Department of Transportation or Aeronautics, and of all or some approvals in several states to idiosyncratic agencies such as the Arizona Department of Economic Security. Nor does it address the question of the placement of VA course approvals within a department or agency. In Colorado, for example, they are assigned to the State Board of Community Colleges and Occupational Education, a unit of the Department of Higher Education. However, the Commission on Higher Education, another unit

of the same department, has recommended that they be transferred to the Commission, which serves as the state's "1202" postsecondary planning body.

The location of approval agencies in departments of education reflects two historical circumstances: 1. only a minority (about 40 percent) of World War II veterans attended degree-granting institutions, compared to the vast majority (in 1978, over 80 percent) of Vietnam-Era veterans; 2. in the period when most approval agencies were designated by governors, there were far fewer state higher education agencies than today and no "postsecondary" agencies (that term and concept being of more recent vintage). Of late, all or some approval functions in several states have been transferred from K-12 departments to higher education or postsecondary agencies. (For example, in 1977, the approval of college courses was transferred from the Superintendent of Public Instruction to the Council for Postsecondary Education in Washington; in Maryland in 1976, approvals at vocational schools as well as colleges were transferred from the Department of Education to the Board of Higher Education.) Efforts to effect similar transfers in several other states have met with resistance not only from vocational school interests but also, in some (not all) states, from higher educational (especially private) institutions, which do not wish to add this significant regulatory authority to the purely coordinative or planning functions of a higher education or postsecondary agency. If course approval for veterans is a necessary evil, they may reason, better that it be discharged by a department of education with little higher educational competence and no other authority over them.

We asked approval agency heads, VA regional staff, and state higher education executive officers their opinions of the current location of the approval agency(ies) in their state. That appears to be a simple question, but the combinations and permutations of state education organization and approval agency locations render it exceedingly complex.

Most agency heads were satisfied with their location--regardless of where that was. However, disadvantages as well as advantages were recognized. Those in departments with licensing functions valued the added information and authority this brought, and the location enabled a school to apply to one agency for the renewal of both its license and veterans course approval. (Formerly, in California, a proprietary school would be notified of both in the same short letter from Sacramento.) But in our interviews, some felt that the licensing function got prime, and approvals, second attention. In 1977, the same agency was responsible for both licensing and approvals at proprietary schools in 18 states and at private colleges in 9 states.¹ A potential conflict was also noted: "...if we do an outstanding job in our [course] approval..., we are occasionally going to uncover some deficiencies in ...state [licensing] supervision."

Kenneth Young, President of the Council on Postsecondary Accreditation, has argued that the same state agency should not license vocational schools and also approve them for federal funding, "because of the obvious potential conflicts of interest involved." He cited the danger of "political pressure, bribery, and misrepresentation" of state officials by proprietary schools wishing to become eligible for federal

funds. "Low-level state employees would be particularly vulnerable to pressures of these kinds."²

Differences between VA and state standards or policies are likely to pose a keener conflict to approval staff located in the department setting those standards than in another agency, though even in the latter situation pressure to conform with state rather than VA policy can be brought. Several respondents mentioned pressures to accept programs at public institutions authorized by state boards.

Contrariwise, respondents in agencies engaged solely with VA approvals stressed their ability to make independent judgments. Those responsible for approvals in all kinds of schools and establishments noted the value of consolidating approvals in one agency (and VA regional staff often preferred to deal with a single agency); those approving only in one sector noted the value of specialized competence. (Respondents located in a department of labor found this location particularly advantageous for on-the-job and apprenticeship approvals.)

Other factors cited in connection with the agency's location were often associated with staffing and the climate of work: the degree to which a location shielded or exposed approval staff to political pressures; the protection afforded by civil service status; the availability of travel funds; the ability or inability to hire staff expeditiously and to act quickly; whether staff are buried in the bureaucracy--"the overwhelming bureaucracy of State government"--or have ready access to the department secretary; the professional standing of the department (a vocational education division, one agency head remarked, was the "lowest rung on the totem pole"); and the relevance of its functions to

course approvals ("Our professional staff...are expected to attend meetings...that deal exclusively with secondary schools"). The head of one agency located in an education department with wide-ranging authority liked that location, but:

...it should be stipulated that the approval unit must be separate and distinct, it should have as much autonomy as practical, and should never be merged with or subordinate to an existing state function. Shared services and personnel invariably lead to the SAA function assuming a secondary role and being tolerated solely for its revenue.

To our question, "Should a particular location be required or encouraged? If so, which location?" a majority replied "yes"--with emphasis upon "encouraged" rather than "required"--and repeated their own location, most frequently in a department of education.

Some 26 state higher education executive officers replied to our question, "What do you think of...the organizational location...of the agency approving courses for veterans at higher educational institutions in your state?" To our surprise, twelve were perfectly content with the current location in a department of education or (in one case) veterans affairs; less surprisingly, six expressed satisfaction with its location in their own higher education or postsecondary agency. Eight stated, with varying degrees of emphasis, that the approval function was misplaced and should be transferred to their agency. In some cases, as noted, such a transfer has been attempted unsuccessfully. The California Postsecondary Education Commission's 1976 recommendation that approvals be transferred from the Department of Education to the Commission was rejected by the legislature.

A number of regional office directors and education staff were more critical of the approval agency's location. Their principal

criticism was that the agency could not act against the interests of its department. Thus, one agency could not refuse to approve programs already approved for state funding purposes by the department of which it was a part; the head of another agency could be directed by the department director "to approve programs or schools that he may not otherwise approve"; a third agency, located in a veteran affairs department, promoted the fullest use of educational benefits (since that served its veteran constituents and brought more federal funds into the state), which led to lax approvals.

Location in an organization authorizing programs that the agency must subsequently approve for veterans, one regional office respondent observed, leads to

...the abrogation of independent judgment on the part of the State Approving Agency, unless they wish to challenge their parent administrative organization, possibly jeopardizing their very careers....

On the other hand it should be apparent that no application of Veterans Administration regulation left to the discretion of the State Approving Agencies, that had the effect of being adverse to the vested interests of the community colleges, could be effectively applied due to the strong conflict of interest inherent in our State Approving Agency being responsible to the unit of state government whose very existence depends on the continued prosperity of those same community colleges.

...any organizational assignment that places the State Approving Agency in a position of favoring one class of schools...over any other contains the threat of unevenness and unfairness.

To remedy this situation, many regional staff suggest that approval agencies should be an autonomous branch of government. "Contractors should be constituted as wholly independent entities not a part of any government agency and dependent for their salary, promotions, and job retention rights on no basis other than their contract which then must

be designed to fully protect them...."

A secondary criticism was that the approval agency was at too low a level in its department, which made for excessive delays when the department head had to sign off on an action.

A staff member of one regional accrediting association also recommended that approvals be assigned to an autonomous agency with no other function. A location in a department of education was, he agreed, undesirable on the grounds of competence and standing to conduct approvals at higher educational institutions. But he would not assign approvals to a higher education board or postsecondary commission, because this would give it a power over institutions, especially private institutions, it otherwise lacked. His analysis is quite sound (regardless of whether one agrees with his recommendation), for the acquisition of veterans course approvals by such state bodies can give them a regulatory authority over some public and all or most private institutions which they lack under state law.

In our interviews, administrators and spokesmen for public institutions often suggested that the approval function be assigned to the state board or boards already responsible for authorizing new programs at community colleges, state colleges, and the state university system. In their view, which our interviews confirmed, these course approvals were largely redundant; the approval agency invariably accepted the authorization of the state boards and was in no position to do otherwise, since, whatever its nominal authority, it would be suicidal to confront a board representing such a powerful constituency. In short, their view of the facts was the same as, and their position on the question of location was the obverse of, that of VA regional staff.

The Contract

The contract, which binds the state to provide designated approval services and the VA to pay for their cost, is the key instrument of federal authority over otherwise independent agencies of otherwise sovereign states. (It is not the only such instrument binding the states to Washington by a silver cord; in fiscal year 1979, federal agencies transferred, by contract and grant, some \$85 billion to state and local governments.) Approval agency heads who want, above all, independence--to approve courses and have their approvals accepted, not held up, referred back, corrected, and questioned--recognize the contract as the root of their dependence on VA. It is, a committee of agency directors declared, "the chain around our necks and it is through this instrument that the Veterans Administration manipulates the State Approving Agencies." A number of directors have suggested that the contract be replaced by a grant:

The contract (prepared by the Veterans Administration annually and which the states must sign in order to receive funds appropriated by Congress for the purpose of reimbursing the expense of accomplishing the approval and supervision process) gets thicker, goes further beyond the direction of Title 38, and becomes more of a tool for Veterans Administration supremacy over the State educational prerogative each year. A simple solution would be to eliminate the contract altogether and allow the states a "grant" of funds for this purpose....

Some proposed that the Office of Education, rather than the VA, provide the funds. The administration of veterans educational benefits by the Office has been a recurrent historical theme: it was proposed by the Osborn Committee in 1943 (see Chapter 1), and was a subject of contention during the recent debates over the scope of a Department of Education; on both occasions, Congress rejected the idea, as veterans lobbies proved more united and influential than those of higher educational institutions.

The contract text, which is uniform for all state agencies, has been negotiated by VA headquarters staff and a committee of the National Association of State Approving Agencies. It has grown increasingly detailed as VA has sought to use it to implement the detailed provisions of recent statutes, to obtain greater uniformity in approvals and greater responsiveness by state agencies to VA needs: to change VA requests into instructions. Some regional directors have suggested that the contract include the text of VA approval regulations, circulars, model approval applications, and notices--suggestions that agency directors spurn as further infringement on their freedom.

The fiscal year 1979 contract declared that the state "will perform all duties necessary for the inspection, approval, and supervision" of "institutions and courses for the training of eligible persons." Institutions will be required to submit an application and the state will "promptly" provide VA with the details of each approval or disapproval and notice of each amendment or withdrawal of approval, and will inspect and supervise approved schools. VA will notify the state whenever an approval notice "does not meet the minimum standards" set forth in the contract, and the state "will take action within 30 days...to secure the immediate correction of such deficiencies, or to withdraw its approval."

The state will furnish a report of each visit to approved schools and job establishments, including "discrepancies found, corrective action taken...and basis for finding that course continues to meet requirements for approval or for failure to do so." For each special investigation requested by the VA, a report will be submitted "which shall make adequate response to each item referred to the State in writing by the Veterans

Administration...." A monthly report of the number of "inspection, approval, and supervisory visits" will also be made.

Adequate records and accounts "showing in detail the actual cost" of state services will be maintained for three years after final payment, for inspection by the VA and the General Accounting Office. Payment for the salary, leave, and travel expenses of state personnel and subcontractors shall be made at normal rates of pay or with prior VA approval; out-of-state travel expenses will be paid only when authorized by the VA. The maximum monthly rate of pay, fringe benefits, and travel expenses for each type of position are specified. Time distribution records will be maintained to justify the fair assignment to the VA of the costs of employees also engaged in other state work; VA will not pay "for visits made exclusively for State purposes, such as State licensing or...State-related supervision."

"The unexpended balance of the amount authorized for salaries for any one month may not be carried forward to subsequent months" and VA obligations are limited "to the appropriated funds made available therefor." However, the state may request payment for additional expenses incurred and, if VA finds these "reasonable and necessary," the contract may be amended to cover them "either in the future or retroactively."

One attached schedule reproduces the provisions of Title 38 detailing the criteria for the approval of accredited and "non-accredited" courses, the minimum number of inspections and supervisory visits required, and the information to be included in an approval notice. A second schedule contains comparable details for apprentice and on-the-job program approvals.

Discussions between VA and the state agencies have dwelt on 1. the level of contract reimbursement, and 2. specific contract provisions.

1. Total contract expenditures, set by Congressional appropriation, are expected to decline in fiscal year 1980 some \$500,000 below the 1979 level of \$15.9 million. Some observers believe that sum is small compared to some \$2.5 billion expended in veterans educational benefits and should be increased to help agencies more adequately meet the heavy new responsibilities placed upon them by Congress and the VA. However, it would be optimistic to expect the Congress to adopt that view in a period of increased austerity, increased opposition to government regulation, and declining expenditures on veterans educational benefits. Congress appropriated \$3 million less than VA requested for contracts in fiscal year 1979.

Funds were distributed to individual agencies in accordance with a formula based on one annual visit to each active approved "institution of higher learning," each such institution offering non-degree vocational programs, each active branch facility, hospital, and hospital branch with "two or more specialty-types of training," and the estimated number of additional institutions expected to become active during the forthcoming year; 2.5 visits were allowed for each active non-degree vocational school and branch and an additional 50 percent for each flight school. A separate calculation was made for active and estimated approvals for apprentice and on-the-job training establishments. Finally, an administrative allowance, payable outside of the contract, was added to the sum of the preceding calculations.

Within these computations, various factors, including state and individual salary levels, can affect the size of a particular contract. As VA has sought to increase the proportion of agency staff devoted to

the approval of higher educational institutions and branches, the relative number of these branches identified in contract estimates has increased. Once the contract sum is set, each agency is free to reallocate its staff and funds and the precise number of visits to different kinds of institutions. Agencies responsible for approvals at all kinds of schools and job establishments have more flexibility in reallocating funds than those responsible only for schools or job establishments. In view of the disproportionately large allowance made for approvals at job establishments and flight schools, such programs may be regarded as a financial asset and it would not be surprising if some school approval agencies attempt to absorb establishment and flight school approvals now handled by independent agencies. Many agency directors would like a larger administrative allowance.

Some observers have charged that VA utilizes the contract to reward its friends and punish its enemies; and that contracts have subsidized other state functions such as school licensing. One regional liaison officer told us, "We're subsidizing the state....They [the approval agency] counsel vets, which has nothing to do with their approval work....The majority of their secretaries' work is for the state...." Contrariwise, agency heads declare that the state is paying a substantial portion of total approval costs. Twenty-five agency heads surveyed in 1972 stated that VA reimbursed, on average, only 48 percent of their administrative costs.³ Both contentions are probably correct in individual cases. However, audits begun by the new VA Inspector General's office in 1978 have looked at only one side of the story and, when state expenditures have been disallowed, have led to hostile rejoinders about charging VA for unreimbursed state services. After one small contract was

assessed \$6,000 in overpayments, the state responded that it might consider assessing VA for all the services it had rendered since 1946. Especially at agencies engaged in both licensing and course approvals, each activity must, to some extent, subsidize the other, and a painstaking inquiry would be necessary to separate their intertwined costs.

Audits by the Inspector General and the regional liaison officer have turned up deficiencies and grossly implausible claims, such as one agency staff member driving 452 miles and making 14 visits in one day, inspecting 19 job establishments in one day, visiting an establishment more than once in a day, visiting one cosmetology school 12 times a year, and undertaking many supervisory visits without finding any discrepancies.⁴ Such records will presumably be corrected, or made more plausible, to avoid the financial penalty that may otherwise be exacted. A session at the March 1979 Washington, D.C. meeting of the National Association of State Approving Agencies was devoted to a discussion of the records that VA auditors may ask for or accept. The need to create an auditing trail will generate more paperwork. As one agency head remarked, "In the past, we have handled the disapproval of applications over the phone and did not list them. Now we're going to have to send an official letter to the school, just so we'll have it for the Inspector General."⁵

2. Until the last few years, a senior approval agency head observed, VA paid little attention to the precise terms and conditions of the contract. That has changed, and the contract has been subjected to closer scrutiny by VA and the states. It has been the basis of disallowances by the VA Inspector General, and of a refusal by approval agencies to do what a liaison officer may ask. ("I'll ask them to do something," an

officer complained, "and they'll say, 'Where is it in the contract?' I'll say, it isn't, but the Central Office is bugging me.") Contract provisions can represent a threat resented by the state, as when a liaison officer withholds, or threatens to withhold, payment for failure to meet the provision, or a welcome tool enabling the state to blame the VA for some onerous requirement imposed on a school. ("If you're going to ask them to list all this crap [about school programs and policies], you've got to give them something [in the contract] to back it up with," one regional officer explained.)

Since all the elaborate provisions of the contract cannot be enforced with equal thoroughness and ardor, tolerance of those which appear to be extreme or unreasonable will depend upon the previous experience of, and the degree of trust and confidence between, the two parties. Unfortunately, trust between VA and the states has been shaken of late and it will take a serious effort by both sides to restore it.

Many provisions can be viewed as reasonable or unreasonable, depending upon how strictly they are interpreted and enforced. For example:

"...the state accepts the responsibility for the...supervision of courses...in accordance with the standards and provisions of...Title 38...and Veterans Administration Regulations...." How can the state realistically "supervise" (an ambiguous word that can mean, according to Webster's, "oversee with the powers of direction and decision" that agency staff obviously lack, or merely "look over...peruse, scan") tens of thousands of courses to ensure that they each meet hundreds of statutory and regulatory provisions of which most faculty, administrators, and employers are mercifully ignorant?

The state "will take action within 30 days...after the discovery or notification of...irregularities [perturbations in a school's orbit of VA regulations] either to secure the immediate correction of such deficiencies, or to withdraw its approval." How can a flyweight agency obtain an "immediate" correction by a ponderous institution, whose faculty cannot blow their collective nose in less than six months? How can it withdraw approval for a "deficiency" from powerful institutions or corporations which, were they so minded, could probably get the agency director, the educational liaison officer, and the VA regional director dressed down, disciplined, relocated, or otherwise educated to the political facts of life?

"The State shall furnish the Veterans Administration a copy of a report of each visit made to approved institutions or establishments which shall provide...records examined [sic]...and basis [sic] for finding that course [sic] continues to meet requirements for approval or for failure to do so." This provision, especially the demonstration that a course continues to warrant approval, is unreasonable as well as ungrammatical; it was the subject of an altercation we will soon relate.

"New approvals and revisions of existing approvals which include a new branch, extension or additional facility...will require an onsite inspection...prior to approval. When an institution or school has a branch, extension or additional facility in operation which has already been approved without an onsite inspection, the State will make an inspection of the branch, extension or additional facility as soon as the workload allows." The feasibility of this provision hinges on the interpretation of "branch, extension or additional facility." A community

college or university may have dozens or hundreds of facilities at which instruction is offered on a permanent or temporary basis.

"A finding by the State that the institution does not utilize advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation based on examination of such materials as any direct mail pieces, brochures, printed literature used by sales persons, films, video tapes, and audio tapes disseminated through broadcast media, material disseminated through print media,...leaflets, handbills,...and any sales or recruitment manuals...." Such a comprehensive and careful examination of all advertising and enrollment materials for all approved courses, required by Sec. 1796, is plainly impossible for harrassed agency staff. Were it conducted strictly and meticulously, it is likely that only a few seminaries administered by scrupulous, unworldly monks would remain approved.

During the October 1978 VA-state agency meeting in Silver Spring, VA officials were charged with bad faith for adding to the contract two provisions that had not been agreed to in negotiations with the agency contract committee. These were the provisions we have cited requiring the state to include in its report of school visits "records examined...and basis for finding that course continues to meet requirements for approval...." Subsequently, peace and honor were restored, Gilmore Johnson of North Carolina, the state agency spokesman, saying that "Two Senators can disagree on the floor and go out of the chamber with their arms around each other."

A VA official explained that many of the changes introduced in the 1979 contract had been made to obtain information about state agency activities requested by the Congress and government auditors. The

contested provision could be met "by enumerating the types of records examined...and a statement such as: 'On the basis of the records examined, it is found that the courses continue to meet all of the requirements for approval....'" (That "all" would still require state staff to affirm more than they could honestly attest.) "There are numerous things we are asking for in the contract which were not there before, because of the concern of the Inspector General, the GAO [General Accounting Office], and the Congress."⁶ Indeed there are, and the resultant information can be quite unreliable. This is not the fault of the state agencies alone: it is a consequence of hastily prepared, poorly explained survey forms; of asking too much of too few, overworked staff; and, probably, of a tendency by agencies to inflate their activities.

"They keep putting things in the contract, but they don't provide any more staff to do the work," one state director remarked; and it was moved and carried "that the contract committee negotiate with the VA to have the objectionable material removed from the contract."

One state attorney general has admonished the VA that Title 38 requires approving agencies to provide VA only with a list of approved institutions and courses; any other information "must be agreed to by both the State Approving Agency and the Veterans Administration": the contract should be negotiated, not dictated.⁷ However, the law contains passages from which both the states and the VA can derive comfort. Sec. 1782 prohibits "any supervision or control, whatsoever, over any State approving agency." Sec. 1774 authorizes the VA to contract with the states for "necessary services in ascertaining the qualifications of educational institutions" and "furnishing, at the request of the Administrator, any other services." Sec. 1773 states more philosophically

that "the cooperation of the Administrator and the State approving agencies is essential. It is necessary to establish an exchange of information pertaining to activities of educational institutions...."

Yes indeed, but a spirit of cooperation cannot be legislated and the spirit has certainly been missing among many VA and state officials.

Former New York Commissioner of Education Ewald Nyquist has put such contract disputes in a broader context. "States and localities," he observes, "are not required to accept federal assistance or federal funds. If they do so voluntarily, they enter into a contractual relationship and accept the conditions upon which the assistance is offered." However, federal contract authority "should not be construed as an unlimited prescriptive license."

In a 1976 decision on National League of Cities v. Usery, the Supreme Court...said it had "repeatedly recognized that there are attributes of sovereignty attaching to every state government that may not be impaired by Congress...."

...federal legislation appears to have stepped beyond constitutional bounds in seeking to affect integral governmental functions and operations of the states. The states are inherently different in political and governmental structure, and any attempt to impose a standard contract or uniform set of requirements will surely bring conflict.⁸

We do not suggest that Title 38 has "stepped beyond constitutional bounds" in affecting "integral [state] governmental functions"; but the use of the contract to impose uniform duties and performance upon all state agencies has had, at best, a partial success.

Budgets and Staffing

The 1978 budgets and staff of state approval agencies, summarized in Table 8 show contract expenditures of some \$13 million on 340 professional and 160 clerical staff. Adding reasonable estimates for Illinois and Washington, for which staff numbers were unavailable, yields a total of about 527 staff or roughly \$24,700 per person. That is an average cost, including salary, fringe benefits, and travel expenses.

We spent much time pondering these data and attempting to relate them to the number of colleges and vocational schools (and additional branches of each), job establishments, visits, and "deficiencies," but eventually gave up. Some data (especially those on the number of sites and visits) from some states are too questionable to warrant extensive analysis. The data on staff, sites, visits, and deficiencies come from the first annual report of state approval agencies, required under the 1977 GI Bill Improvement Act. Some agencies have had considerable difficulty understanding the survey form and their reports contain gaps, inconsistencies, and a lack of comparability with other states. (The classification of certificate programs at degree-granting institutions is only one element of uncertainty.) Comparisons between state and regional office data are difficult, because (among other reasons) they do not necessarily cover the same geographic area. (For example, the territory of the Washington, D.C. regional office embraces neighboring parts of Virginia and Maryland.) And some key data originating in VA headquarters exist only in handwritten form, with many handwritten emendations.

The defects and perplexities of the data are illustrated in Table 9, which gives the contract, staff size, and the number of schools, job

Table 8

Size of Approval Agency Contracts and Staff, by State,
Fiscal Year 1978

State or Jurisdiction	Contract (thousands)	Man-Years of Staff	
		Profes- sional	Clerical
Alabama	\$440.3	12.1	3.6
Alaska	92.0	1.8	.5
Arizona	212.3	6.5	3.3
Arkansas	152.9	5.0	3.0
California	1,390.0	39.6	19.8
Colorado	215.7	6.0	3.0
Connecticut	144.2	5.0	2.8
Delaware	None	*	*
D.C.	None	*	*
Florida	459.0	9.2	4.8
Georgia	248.0	11.7	6.2
Hawaii	66.8	1.3	1.0
Idaho	71.8	1.2	1.6
Illinois	449.4	*	*
Indiana	339.9	10.2	5.0
Iowa	299.3	*	*
Kansas	104.2	3.8	1.9
Kentucky	164.9	5.9	3.5
Louisiana	331.6	12.5	6.0
Maine	118.5	3.5	2.1
Maryland	144.3	3.0	1.0
Massachusetts	192.1	6.0	2.5
Michigan	524.9	9.4	6.7
Minnesota	378.0	7.2?	2.7?
Mississippi	97.1	4.1	2.2
Missouri	251.6	9.2	4.0
Montana	132.4	3.5	1.7
Nebraska	215.3	7.9	3.2
Nevada	39.7	.6	.8
New Hampshire	122.9	3.8	2.0

Table 8 (Continued)

State or Jurisdiction	Contract (thousands)	Man-Years of Staff	
		Profes- sional	Clerical
New Jersey	\$ 270.7	8.5	4.5
New Mexico	89.1	3.0	1.0
New York	982.5	8.9?	4.2?
North Carolina	330.3	11.0	5.3
North Dakota	142.4	3.6	1.0
Ohio	411.6	12.1	5.9
Oklahoma	175.1	6.9	3.5
Oregon	189.7	6.0	3.0
Pennsylvania	606.3	22.2	7.0
Rhode Island	55.3	1.0	.4
South Carolina	290.6	10.4	3.0
South Dakota	91.5	3.6	1.4
Tennessee	237.4	8.6	3.2
Texas	518.6	15.8	5.9
Utah	90.1	2.6	1.4
Vermont	76.4	3.4	.1
Virginia	113.8	4.0	2.0
Washington	262.0	*	*
West Virginia	215.1	6.7	3.5
Wisconsin	372.7	11.3	5.5
Wyoming	63.4	1.5	.5
Puerto Rico	40.1	1.9	1.0
Total	\$13,023.7	343.0	160.2

Source: VA (for contracts) and state approval agency reports (for staffing). In states with several contracts, the total of all contracts is reported.

* Not available

? Data incomplete

Table 9

Budget and Number of Staff, Schools, Job Establishments, and
Visits of Ten States with Largest Contracts, Fiscal Year 1978

State	Budget (thous.)	Number of				
		Staff ^a	Visits	Facilities		
				Total	Schools ^b	Jobs ^c
California	\$1,390	59.4	11,513	3,039	1,366	1,673
New York	982	13.1?	2,388	2,204	1,104	1,100
Pennsylvania	606	29.2	*	1,645	458	1,187
Michigan	525	16.1	1,473	807	345	462
Texas	519	23.7	4,468	5,997	774	5,223
Florida	459	14.0	3,788	705	162	543
Illinois	449	*	2,346	1,357	483	874
Alabama	440	15.7	2,948	886	317	569
Ohio	412	18.0	1,746	1,307	372	935
Minnesota	378	9.9?	2,682	1,084	418	666

Source: VA and state approval agency reports.

? Data incomplete.

* Not available.

a. Man-years, professional and clerical staff.

b. Degree and non-degree level; branches excluded.

c. On-the-job and apprenticeship training establishments.

establishments, and visits reported by the ten states with the largest contracts. Did Texas staff not visit each facility at least once in the year, as required by their contract, or did the agency mistakenly report the number of veterans in job training rather than the number of job establishments? Why did Michigan have the fourth largest contract when it had the fewest visits and the second fewest facilities of the ten leading states? Did Florida staff really average 5.4 visits to each facility and New York staff only 1.1 or (as we imagine) is something amiss in the data from both states?

Concerned mainly with calculating and accounting for benefit payments, VA has devoted few staff and computer resources to data compilations and analyses useful for policy purposes. Some state agencies, for their part, seem to inflate the number of sites (especially of job establishments) and visits, to maintain their contract level. Plainly, the data on active sites and visits from VA and state sources should be clarified and reconciled.

Nonetheless, the broad pattern of budgetary and staff allocations is clear. It weights the number of active facilities (including job establishments) far more than the number of approved courses or veteran trainees, and vocational training far more than higher education. Hence, over three-quarters of state agency staff and funds were assigned to the approval and supervision of vocational and on-the-job training received by less than one-quarter of all veteran trainees. The approval and inspection of job establishments alone cost some \$5.6 million or 43 percent of the 1978 contract expenditures of \$13.0 million, though in April 1978, only 6 percent or 54,000 of the 912,000 veteran trainees were then in job training programs.

To our question about the proportion of staff time devoted to their work with higher educational institutions, vocational schools, and job establishments, respectively, 23 agency directors dealing with all three kinds of facilities gave the following average response:

higher educational institutions--23 percent
vocational schools--35 percent
job establishments--42 percent

Thirteen directors of agencies dealing solely with higher educational institutions and vocational schools gave an average response of 40 percent time devoted to the former and 60 percent, to the latter.

The concentration of resources on vocational schools reflects many factors, including the contract provision allowing more visits to vocational schools than to colleges; the need for more time-consuming initial approval visits to proprietary schools, whose birth rate is high; and their greater number and smaller size. Small, new schools are likely to be inexperienced with VA regulations and to encounter more problems of compliance; and, since state staff can monitor a small school more closely, they may spend a disproportionate amount of time on it.

The net effect of these factors is illustrated by a detailed analysis of the time allocation of his staff by one agency director, whose staff spent an unusually low proportion of time on college and apprenticeship approvals:

The average length of time devoted to the approval and supervisory visit for each establishment is:

- a) Approval process per inspection
 - 1. NCD [vocational school] - 4 to 6 hours
 - 2. OJT & Apprenticeship - 2 to 3 hours
- b) Supervisory visit
 - 1. NCD & IHL [institution of higher learning] - 2 to 3 hours
(Flight school requiring longer)
 - 2. OJT - 1 to 2 hours

The percentage of staff breakdown is:

<u>Type of Institution</u>	<u>Percentage</u>
IHL-Inspections (new & revised)	1
Supervision	6
NCD-Inspection	12
Supervision	21
OJT-Inspection	40
Supervision	16
Apprenticeship-Inspection	3
Supervision	<u>1</u>
	100

About 60 percent of state agency directors were state civil servants, 14 percent were political appointees, and the remaining 27 percent held positions usually requiring designated professional qualifications but exempted from the civil service.⁹

As has been noted, directors were markedly older, more experienced, and more highly paid than VA regional educational liaison officers. The median age, on November 1, 1978, of the 58 directors providing this information was 51 and only 22 percent were under 40, whereas the median age of liaison officers was 37.5 years and 59 percent were under 40. Directors had, on average, over ten years experience; liaison officers, less than five. At least five directors, members of the original troop appointed after World War II, had over 30 years experience.

One consequence of the age and experience gap is that young liaison officials can find it difficult to sway older, entrenched state agency directors. In a few states, it is the state director who leads and the liaison officer who follows; in others, it is constant bickering and battle. Another consequence is that, in early 1979, only one agency director was female and none was black, compared to a sprinkling of liaison officers; the tides of "liberation" have barely touched these shores.

Some observers say that the worst state agencies have been "satrapies of the American Legion," headed by political appointees who last forever or change with every new governor. The two-sided argument offers little hope for any political appointee. However, state civil service appointments are not exactly the most highly esteemed positions in American society; they can give security to poor as well as to good staff. "...you don't ever lose the bad ones," one agency director remarked. "They hang right in there...." The directors and senior professional staff of state higher education coordinating boards have usually been exempt employees, an arrangement they have preferred to civil service appointments.¹⁰

Civil service is a term that academic administrators seem to use to frighten their children, for regardless of technical appropriateness by way of qualifications and salary, a civil service position is--by university definition--not an academic position. Exclusion from the state civil service is a status symbol in academic administration and one which keeps some qualified academics and professionals from working with the [state higher education] coordinating agencies.¹¹

Opinions about the quality of state agency staff clearly correlate with the degree to which the commentator likes the outcome of their work. Thus, spokesmen for proprietary schools can be caustic about agency "hacks" in states which refuse to approve accredited proprietary schools under Sec. 1775. We have reason to question the quality of one approval agency's performance which a state education official termed "superior"; regional office staff severely criticized the quality of another agency's work, which a state official said was "excellent"; a college veterans affairs officer wrote us about the "efficiency, quality, professionalism" of an approving agency which VA central headquarters staff scorned.

When we asked agency directors which kind of approvals they were most experienced at--college, vocational, or on-the-job programs--their replies generally reflected the scope of their agency's responsibility. However, of those responsible for approvals at both colleges and vocational schools, eight said that they were more experienced with the latter and only one, with the former; of those responsible for approvals at all three kinds of programs or at vocational and on-the-job programs, six were most experienced at on-the-job approvals. These responses tend to confirm our own impression that state agency directors and staff were, as a group, most knowledgeable about vocational schools and job establishments.

Some state directors acknowledged, in private conversation, that the performance of a few of their colleagues was poor--VA staff asserted it was more than a few--but had few suggestions as to how this might be remedied. One suggested that an incompetent director might be tried and censured by a jury of his peers, as the Senate censures a member. Some regional respondents, as noted earlier, said that the VA-agency contract should include requirements on the minimal qualifications of staff and at least one agency director agreed with them:

Most of the staff members are political appointees. As a result of this, we experience periodic changes of staff; and occasionally, the appointed staff members are not as well qualified as I feel they should be. Many times, even though politically appointed, a person is highly motivated and does a good job. I have suggested that perhaps the contract could be changed and require the states to set standards for the employment of personnel in the program if reimbursement is expected from the VA.

In fact, the contract now states that "The State will use fully qualified personnel in accordance with its Civil Service or other existing state employment standards...." VA might be no more pleased with the approval work of such staff, insofar as persons with higher educational

qualifications may be more sympathetic to higher educational institutions and more resistant to VA directives.

The dissatisfaction which VA staff have expressed with the performance of state agencies reflects their inability to meet, or to get schools to meet all the requirements of recent laws and regulations, which have placed a heavy new work burden on the agencies and schools. "Many are uninformed and incompetent," a VA official said. "They don't even know they have the authority and duty to remove a school's approval." Undoubtedly, the performance of some state agencies has been poor; some have been grossly overworked and have not even been staffed to the level permitted in their contract, partly because of an anticipated decline in the veterans program. But a fair judgment of their performance must also include a judgment of the technical and political feasibility of what they have been asked to do: the degree to which they have failed at, or even seriously attempted, an impossible task.

Application and Approval Information

There are three stages in the approval process: (1) an application for approval by a school representative to the state agency; (2) the "notice of approval" sent by the agency to the school, with a copy to the VA regional office; and (3) an "approval information" form completed by VA regional educational staff. The last is the most systematized; the format and content of the first two vary greatly.

Application

A number of state agencies have prepared simple application forms for colleges and a few, highly detailed forms, which, if fully and accurately completed, would much increase the work of the applicants and correspondingly reduce that of state and VA staff. For example, a multi-page set of forms distributed in one state to all higher educational institutions contains a two-page "catalog work sheet" with spaces for entering the courses offered at branch sites and the catalog pages where the academic calendar, break periods, admission requirements, grading, refund, graduation, and other policies are described. Additional pages are reserved for listing course titles, HEGIS code numbers,¹² and the catalog pages of independent study courses, workshops, practical training, non-credit, variable credit, and cooperative credit courses--"non-traditional and irregular courses" whose measurement for benefit purposes has presented increasing problems to the VA. (These were defined by exclusion as courses "which are not taught in a formal classroom setting under regular faculty members, having 50 to 60 minutes of classroom instruction per credit per week during a semester of 15 to 19 weeks".)

Another state agency has distributed a 10-page form with a provision for detailing every degree, diploma, and certificate program, with the credit or clock hours and terms required for graduation, and, for the diploma and certificate programs, the date when the 50 percent employment requirement was demonstrated by a survey of graduates.

Often, the application is merely a cover letter from the school director or college registrar, with an accompanying catalog, class

schedule, and other materials. Thus, a letter of application from the registrar of a private university with several branches encloses evidence of the university's accreditation and nonprofit status, certification of compliance with Title 38, Section 3101(a) (on the non-assignability of benefits), a statement of attendance and progress policies, and a terse "Request your approval." A letter from the Veterans Affairs Coordinator at a public university states, "The ____ campus is submitting...copies of the [eight] publication(s) [catalogs] listed below for approval of courses described therein," citing the names of three component colleges and five professional schools of the university. Some colleges list the courses for which approval is requested, but most merely submit their catalog.

Applications from proprietary schools are more likely to list courses, their hours per week, and number of weeks, as only a few are usually offered (two at one beauty school we visited, five at a substantial technical school, and two at a mechanics school). As noted, requests for the approval of changes--in course content, length, enrollment, or tuition--after the submission of a catalog are more commonly received from proprietary schools than from colleges, either because changes are more frequent there (as students enter throughout the year and tuition can be more readily altered), or because they are more closely scrutinized by state and VA staff for the simple reason that, being smaller, they can be more closely scrutinized and, being businesses, they are accustomed to state inspection. Changes of ownership or management are so common that several states have prepared one-page application forms for continued approval under these conditions.

Accredited proprietary schools may use a simple, one-page form providing for the name, address, type of ownership, name of owner, the name and title of the "Administrative Head," the date the school began instruction, and the title of each course offered with the hours per day and week, days per week, and total hours and weeks it meets. The administrator must affirm that graduates receive a diploma, that the "attached material [bulletin and class schedule] submitted as a basis for this approval is true and correct in content and policy," that he has read the veterans education sections of the state code and "accept my responsibilities thereunder," and that "the records of each veteran will be kept intact and in good condition at the school for...at least 3 years following termination of his enrollment."

The form used by another agency asks, for each course or program, the hours per week of attendance in classroom, laboratory, shop, supervised study, and work experience, the number of teachers; and any enrollment limit.

The most onerous application provisions are those that (reflecting Sec. 1776, Title 38) may be required of unaccredited proprietary schools. Three pages of instructions provided by one state agency detail over 27 kinds of information that must be supplied, including, in addition to the kinds of information previously indicated:

A description of the available space, facilities, and equipment. Show square feet of classroom floor space per student and an inventory of instructional equipment. Submit a floor plan to scale with dimensions showing locations of stationary equipment, laboratories and supply rooms, doorways and windows. Also submit an inventory of portable equipment....

a. A course outline for each course for which approval is requested, showing subjects or units in the course, type of work or skill to be learned, and approximate clock hours to be spent on each subject or unit.

b. Identify the instructional material to be used with each subject or unit of the course, such as textbooks, workbooks, and other instructional aids, showing (1) author, (2) title, (3) edition, and (4) publisher.

List by names the members of the instructional staff, the subjects, units, or course which each teaches, and the educational and experience qualifications of each....

Submit sample current forms for the following:

1. Instructors roll book
2. Central Office Attendance record
3. Progress record
4. Student permanent record
5. Certificate or Diploma
6. Student Contract

Show evidence that the institution complies with all local, city, county, municipal, state and Federal regulations, such as fire codes, building and sanitation codes.

List the following:

1. Bank reference
2. The names and addresses of at least three business firms with which the school has established credit.
3. The names and addresses of at least three individuals who will attest to the professional or vocational reputation of the school.
4. The names and addresses of at least three graduates of or students currently enrolled in the school who will attest to the quality of the school's training.

Such provisions are often taken from the state licensing statute or regulations and incorporated in the approval conditions, which state agencies are free to do under the final provision of Section 1776 that, after prescribing 13 approval criteria of nonaccredited courses, adds "such additional criteria as may be deemed necessary by the State approving agency."

Notice of Approval

Under the terms of Section 1778, Title 38, the state agency "upon determining that an educational institution has complied with all the requirements of this chapter, will issue a letter to such institution setting forth the courses which have been approved,...and will furnish an official copy...to the Administrator" and a copy of the catalog. The letter must cite the statutory authority (Section 1775 or 1776) under which approval is granted; any applicable conditions, such as maximum enrollment and student-teacher ratio limitations; and "such other fair and reasonable provisions as are considered necessary...." The letter gives an effective date, usually one when veterans are to enroll (and benefits are to start) under the provisions of the catalog. When staff are deluged with applications or an application presents special problems, the approval may be delayed and backdated several months.

Many agency heads notify the school as soon as an approval has been completed; under the law, approvals are the state's responsibility and they stand on that prerogative. VA regional staff would like the agency to send the approval notice to them first, so they can review it for completeness and conformance with the law and regulations. They will do so in any event and if they are not satisfied, may withhold benefit payments until they are, generating inquiries and complaints from veterans and school officials who take the state approval notice to mean approval not just of courses but of benefits. When relations between state and VA staff are amicable, the agency may delay notifying the school until it receives the VA's concurrence.

Approval notices vary in form and detail. Those to vocational and proprietary schools commonly list the approved courses and hours, whereas those to colleges and universities may merely cite the catalog "1978/79, pages __ through __." It may be noted that any "changes affecting your approval must be reported promptly," or that approval is contingent upon continued compliance with state and VA regulations and subject to periodic inspection. In most states, no set period is indicated or it may be expressly stated that "approval is for an indefinite period." In North Carolina, an effort is being made to put all new and renewed approvals on an annual basis, starting January 1979, which will generate much additional paperwork and may require an increased number of school visits.

Because of additional requirements that may be applicable to branch locations and the lesser benefit rates that may be applicable to classes that do not meet on a regular weekly class schedule, the VA would like state agencies to identify such classes and branch facilities in their approval notice. The agencies' response has been mixed due to the laboriousness of the task (a junior college or university may have dozens or hundreds of instructional sites), the need for fuller cooperation from the schools than has been forthcoming (again, because of the labor involved and the likelihood that veterans taking these courses will receive lower benefits), and the sympathy of many agency staff with the schools' view (under litigation in the courts) that benefits should be governed by their, and not the VA's, judgment of a veteran's full- or part-time status and the kinds of class formats and weekly class hours that constitute this status.

In a few states we visited, we encountered examples of unusually detailed approvals of higher educational institutions which the VA

would, and the institutions would not, like to see more widely duplicated. One, for a private university with residential and extension programs, detailed separately all the programs leading to bachelors, masters, and doctors degrees for residential and extension study.

With respect to the residential programs, the approval stated:

It is our understanding that these programs are offered in residence and each class meets in a standard class session of one hour (or 50 minute period) of academic instruction or two hours or more of laboratory training per week for each semester hour credit for a full semester. If any credit course is taken as Independent Study the enrollment certificate must so indicate in order that the Veterans Administration will be able to measure the educational benefits.

The extension programs, designated as independent study programs, it stated, "will be measured at less than half-time training." That piece of information presumably reflected discussions with the VA regional, and perhaps also central, office, since course measurement for benefit purposes is a VA, not state, responsibility, not normally part of an approval notice.

In another state, college approvals had recently been transferred to a higher educational agency which, pleased with the acquisition, sought to do a careful job--and had no commitment to the way it had been done before. Staff analyzed the catalogs and then visited each institution "to verify and clarify the...analysis," it was explained in a letter to a private university president who, as a prominent spokesman and lobbyist for the interests of private institutions, could not have been delighted at this detailed, albeit tactful, inspection by state officials. Accompanying the approval letter were six legal-size sheets titled "Catalog Analysis (Accredited Institutions)." On three, all bachelor and master programs at each of the university's six locations were listed, with their catalog page reference and HEGIS code number. Two sheets gave the page, and a brief

assessment of the adequacy, of the catalog information on accreditation, standards of progress and conduct, credit for prior learning, and the identification of independent study, cooperative study, and field experience courses. The last sheet provided a report on the college visit and further comments and explanation of the approval.

I reviewed...the complete sequence of the checkpoints in the administration of VA benefits to a student from first certification to graduation. I found the provisions to be thorough in design and my impression is that they are consistently observed.

....The state of standards of conduct were discussed, and Mr. _____ agreed to consider expanding the catalog statement. A general statement on independent study, spanning the several departments involved, is now under consideration by the Curriculum Committee. Mr. _____ agreed to consider including it in the catalog.

Approval Information

The educational functions of VA regional staff and their opinions of the state approval process have already been discussed. Here, we merely note that the application, catalog, and state approval notice come to rest in the VA regional office, where the central question addressed is money: what should be the size of the veteran's check each month? This is not a question which may be answered only once in the four-year period a veteran may pursue his studies, depending solely on the number of his dependents and his full- or part-time attendance. It may be answered differently during the summer holidays, when benefits cease; or if a veteran repeats a class for which he has already received benefits, or takes a class irrelevant to his educational objective; if he drops a class, is absent without permission, is dismissed for bad performance or conduct, or--the VA has determined--enrolls in classes which meet less than a prescribed number of hours a week.

Accordingly, the information necessary to calculate a veteran's

monthly benefit is his weekly attendance and performance status in approved classes that advance his educational objective. The necessary information is supposed to come from the veteran, the school, and the state agency. But it is difficult to obtain promptly and accurately all of the information necessary to monitor the weekly status of every veteran; many compromises and gaps in data must be accepted, undiscovered overpayments must be made, and the acquisition of accurate information about given courses or classes may lead to a benefit reduction that would not otherwise have occurred. Insofar as schools (and to some extent, state) officials wish to maximize benefit payments, they will not go out of their way to identify (for example) independent study classes for which veteran students would receive lesser benefits, or they will advise veterans not to take them.

This disposition, as well as the difficulty of determining the educational format of every class in a large institution and the hours it meets each week, underlies some of the dissatisfaction which VA staff have expressed with state approvals. When the approval notice and catalog are received, the information in them most pertinent to benefit determinations is transferred to "Approval Information" forms on which the school calendar dates, vacation periods, and holidays are noted and, for each approved program, its:

- a. accredited or nonaccredited status
- b. method of measurement for benefits (clock-hours, credit hours, or standard class session)
- c. specific educational, professional, or vocational objective (for which a detailed code is provided)
- d. length (total clock-hours, weeks, months, and academic or calendar years)

e. minimum requirements for full-time status (the credit or clock-hours per week set by VA regulation)

f. class hours per day (for vocational programs)

g. attendance requirements per week (for vocational programs).

In addition, all cooperative, practical training, and independent study programs must be separately identified.

When regional office staff are dissatisfied with the clarity or completeness of an approval notice, they may also prepare their own summary of the school policies dealt with in approval criteria and pertinent to benefit judgments: entrance requirements; leave, attendance, and absence policy; standards of progress, grading, and conduct; schedule of fees and tuition; refund policy; facilities, special equipment, and locations; credit granted for previous training; and any enrollment limitations.

Considering all the detail that may be sought, it is hardly surprising if VA staff are critical of the quantity and accuracy of the information provided by many state agencies, especially for higher educational institutions where approvals can be most perfunctory and battles about benefit determinations and overpayments have been severe.

The Catalog

The college catalog or school bulletin is the indispensable grist of the approval process. Two or more copies are normally submitted by a school requesting approval and state staff may find in them all the information necessary to prepare the approval form.

The individual programs of study described in the catalog may be typed out and submitted with the school's application; more commonly, they are transcribed from the catalog by state staff, together with the years required and the degree earned; or the approval form may merely cite the pertinent catalog pages as well as the pages containing the designated school policies required for approval. The catalog and completed approval form are then transmitted to the regional office, where they serve as the basic source used by VA education staff and adjudicators to see if a veteran's course is approved and the appropriate benefit he should receive.

Section 1776, Title 38, requires schools whose courses are approved as "nonaccredited" to submit with their application "not less than two copies of the current catalog or bulletin...certified as true and correct...by an authorized owner or official...." Since proprietary schools admit students frequently throughout the year and their bulletins are brief pamphlets that can quickly be reproduced, they can more readily be "current" than college catalogs. The statute states that the following twelve items must be included in the bulletin of approved "nonaccredited" courses: volume number and date; names of the institution, officials, and faculty; a calendar with the start and end of each term and legal holidays; enrollment dates and entrance requirements for each course; regulations on absence, lateness, and interruptions for unsatisfactory attendance; standards of progress, grading, probation, and reentrance; rules of dismissal for unsatisfactory conduct; fees and tuition charges; the policy on refunding the tuition of students who withdraw or are dismissed; a description of facilities and equipment; an outline of

each course indicating the subjects, skills to be learned, and the time and clock hours to be spent on each subject; and policy on granting credit for previous "educational training."

Following testimony in congressional hearings about the lax grading, attendance, and progress standards of numerous accredited institutions (especially junior colleges), P.L. 94-502 (1976) added to the conditions for approving courses as accredited several requirements previously confined to unaccredited courses. The catalog of accredited courses must now contain a statement of institution policy on student progress, describe the grading system and minimum grade requirements, and the rules for dismissal and readmission after unsatisfactory performance or conduct. The catalog must also be "certified as true and correct...by an authorized representative of the school." Several college officials we interviewed referred caustically to the last provision as a piece of bureaucratic idiocy. The signator may be a registrar, assistant registrar, or admissions officer and few institutions would grind to a halt if he were sent to prison for attesting to the truth of mistaken statements. To escape the growing danger of suit by students holding that the catalog has the force of a contract, a disclaimer such as the following may be made: "This catalog is not to be construed as a contract. The institution reserves the right to make changes where appropriate."

Even if a college catalog is complete and accurate when prepared, it will inevitably be outdated by the time it is sent to a college applicant. The internal process of course approval by the curriculum committee of the faculty senate and administrative offi-

cers is normally completed in May or June, toward the end of the academic year. Accordingly, even if the catalog is printed promptly and available for distribution (let us say) from September 1978 through February 1979 to Spring 1979 applicants for admission to the class entering in September 1979, some 15 months will normally elapse between the time copy was sent to the printer and a new student enrolls in the courses described in the catalog. At institutions issuing biennial catalogs, the information can be even more dated.

To provide information on weekly hours and a more timely list of courses, many colleges also send the state agency a schedule of classes.

Having few courses, a proprietary school will normally request approval for any new course it offers which is not included in the catalog and for changes in course length or tuition. This is particularly burdensome for flight schools, which must request approval every time their tuition changes, which it does frequently. Schools which issue a new catalog every quarter--in one state, schools were said to be "catalog-crazy"--submit each one for approval, multiplying the state and regional paperwork. Contrariwise, a college which issues a catalog biennially, spares itself and the government much work. A college may not bother to notify the state agency of a new course or grading policy until it appears in the next edition of its catalog.

One VA staff member observed that branch campuses seldom have their own complete catalog, relying on the information provided in the main campus catalog, though that can be irrelevant or misleading for branch operations.

A Carnegie Council staff study of the 1975 catalogs of 270 two- and four-year institutions found that: 81 percent did not name the course instructors; 71 percent did not indicate when courses would be given; 56 percent did not indicate which faculty were part-time, on leave, or not teaching; 17 percent did not explain what financial aid was available; and 5 percent did not describe the content of courses. The Council noted that:

Institutions face an unavoidable tension between using the catalog to define the relationship between themselves and their students and using the catalog as an instrument to attract prospective students. Painting the school in too positive a light makes a catalog inaccurate and unreliable; so does inadvertently including in a catalog out-of-date information, courses that are no longer offered, course descriptions that differ from the substance of the courses actually given, pictures of undergraduates working with scientific equipment that is not ordinarily available to them, suggestions that a program will lead to employment, photographs of students in small seminars or a student and teacher casually talking when freshmen are unlikely to enjoy such experiences, or several pictures of minority events when an institution has only a very few minority students.¹³

Contrary to the view of the Carnegie Council, 45 of 51 accrediting agency heads said "no," in a 1973 inquiry, to the question, "Are misrepresentations in [catalogs and advertising]...a significant problem at any of your accredited schools?"¹⁴ To be sure, the Council was judging omissions and inadequacies rather than positive "misrepresentations," but the contrasting view of similar facts remains striking.

The slightest independent inquiry indicates that the Council accurately reflects the realities of institutional advertising, which is designed to sell a product, not present a balanced account of its value and defects such as might be prepared by product engineers working for Consumers Union. The best institutions may fail to include in their catalogs all the information reasonably required by students and federal agencies. For example, the Universities of

Oregon and California (at Berkeley, Davis, Santa Barbara, and Santa Cruz) have not included in their catalogs information on their tuition refund policy.¹⁵ A recent General Accounting Office report notes repeated inaccuracies in school and college catalogs:

Some of the proprietary schools and junior colleges we visited have grading practices which are not in accordance with catalog statements or accrediting association requirements....A public junior college catalog describes a standard grading system with "Ds" and "Fs," but school officials report that if students fail courses, they are given "Ws."....

Another school's catalog reported that its 2-year associate program in business management "is designed for those who seek employment as business executives in mid-management upon graduation." The placement department was unable to provide one example of a school graduate who obtained such a position.

....Many catalogs contained statements and other information which were misleading. In one school catalog, there were 29 illustrations...which did not pertain to the school....Still another school's catalog noted that "veterans benefits are available" when, in fact, school programs have not been approved for veteran training....

Six...schools visited had dormitories but only 3 had written refund policies....

....Although school publications indicated that numerous courses were available, many courses were not offered regularly.... The above situation was more apparent at colleges and universities than at vocational schools....For example, an evaluation of 16 departmental listings in a university curriculum guide showed that for the most recent academic year, 17 percent of the courses were not offered....at a public 4-year college...about 25 percent of the listed catalog courses were not offered....

At another school which also failed to offer many listed courses, officials acknowledged that the school has never had the capability to teach many of the subjects.¹⁶

The possibility that college catalogs might not bear the heavy weight placed upon them in the approval process evidently occurred to the Congress in 1977, for it added the proviso that

The Administrator shall, where appropriate, bring to the attention of the Council on Postsecondary Accreditation and the appropriate accrediting and licensing bodies such catalogs, bulletins, and

certifications submitted [by accredited institutions]...which the Administrator believes may not be in compliance with the standards of such accrediting and licensing body.¹⁷

Officials of the Council, which has a tiny staff, feared that they might have to hire an additional person to handle an avalanche of catalogs. However, VA headquarters sent only "two or three" letters; COPA transmitted these to the appropriate regional commission, which was asked to respond. At the time we inquired (in May 1979), nothing had been received from the VA for a year--not because all college catalogs were impeccable, but because VA staff had evidently concluded that mailing catalogs to COPA was not a fruitful way to deal with their deficiencies. In this conclusion, they were supported by Gordon Sweet, Executive Secretary of the Southern Association Commission on Colleges, who has complained about the Office of Education's habit of pestering the Commission with advertisements and catalogs:

A tension point that seems unnecessary is centered on the insignificant and unimportant [his emphasis] bits of information forwarded on a regular basis by the DEAE [Division of Eligibility and Agency Evaluation, U.S. Office of Education] to the various accrediting commissions and agencies concerning such things as advertisements, fliers, brochures, and the like, which are not really important.¹⁸

While this viewpoint must be commended for its honesty, it is hardly calculated to remedy the defects of college catalogs.

A more positive step was taken by VA, which enlisted the Federal Interagency Committee on Education and several educational associations in a collaborative effort that led to the publication, in June 1978, of the booklet Keeping Your School or College Catalog in Compliance with Federal Laws and Regulations.^{18a} Given the long gestation period for the production of catalogs, it is not yet clear what effect two printings of more than 20,000 copies have had.

"Course" or "Program" Approvals?

The law refers repeatedly to state approval of "courses"--"accredited" and "nonaccredited" courses; a "course of education"; a "course outline for each [vocational] course for which approval is requested, showing subjects or units in the course"; "courses, curriculum, and instruction"; "course of training." In connection with on-the-job training, "program" or "program of training" is more frequent, but "the training content of the course" and "course of training" are also used.

"Course" is the central term in VA regulations, being used in a variety of ways, including, in addition to the applications cited above, "the development of course material," "a course or courses which do not lead to a standard college degree," "subjects or courses," "unit courses or subjects," "deficiency courses," "a combination of courses with instruction offered by a school alternating with instruction in a business or industrial establishment," "cooperative courses," "bartending or personality development course," "photography course," "course in dancing," "correspondence courses," "credit for the course," and "remedial" and "refresher" course.

Thus, in the law and regulations, "course" is used in two senses: as a course or program of study or training leading to a diploma, certificate, degree, or job; and as an individual course, class, or subject which is a unit or component of an educational or training program. This double usage is fully recognized by the VA and state agency staff. "'Course' has always meant two things, depending on the context--both individual course and course of study or program. The VA is the final arbiter of its meaning," a headquarters official observed.¹⁹ A "program of education" is defined (in VA

regulation 14230) as "a combination of subjects or unit courses pursued at a school which is generally acceptable to meet requirements for a predetermined educational, professional, or vocational objective." "Course" is not defined.

Though a unit course and an integrated course of study can be readily distinguished, cases arise when the two meanings are merged. Frequently, these involve integrated vocational programs in which students have no option or elective and subsidiary units or subjects are part of an indivisible training package, as a chapter is part of a textbook.

"Program" or "major" is the accepted usage at higher educational institutions, whereas "course" (of study) is more customary at vocational schools. The statutory references to "course" approvals, like so much other language, philosophy, and administration of the GI Bills, reflect the period of their origin when most veterans attended vocational schools rather than colleges. For the most part, state agencies approve programs or courses of study; but to facilitate an accurate calculation of benefits, they have increasingly been asked to single out and identify in their notice of approval individual unit courses, subjects, or classes, such as independent study and work experience courses, which are conducted in a manner for which benefits may be paid at a rate less than for regular classes. "As the regulations become more complicated, we have increasingly looked at individual courses; increasingly we have to look at the catalog, course by course," one state agency director remarked.²⁰

We asked agency directors to estimate the proportion of their approvals which were program as distinct from individual course approvals, at higher educational institutions and vocational schools,

respectively. Of the 39 giving a specific estimate for higher educational institutions, 16 said 100 percent and 20, 90-99 percent. Individual course approvals were of two types: new courses or subjects not listed in the catalog but added subsequently and hence approved separately; and formats identified in VA regulations, such as developmental, newspaper, and television courses, independent and cooperative study, and field experience courses.

Of 37 estimates of approvals at vocational schools, 21 said that 100 percent and 8, 90-99 percent were program approvals, but comments indicated that "course of study" or simply "course" was accepted usage in vocational training. And in given cases, such as correspondence and flight schools, an individual course was plainly the unit of approval. "...[A]t flight schools, an individual generally enrolls in a course rather than a program. An individual may only desire or need one course...."

One agency head wrote:

We consistently approve curricula that are complete to qualify for a degree, diploma, or certificate. We generally use the term that is the most meaningful to the officials of the schools receiving the approval letter, e.g., University--curriculum or curricula. Flight schools--course. We also approve subjects when appropriate as "remedial subjects", "independent study".

The head of an agency engaged in college approvals explained his practice as follows:

We use the terminology "course of study" to refer to a sequence of unit subjects (courses) leading to a particular degree (e.g., B.A.) via a particular major (e.g., mathematics). Thus the level of resolution in our approvals is the major. At the community college level, majors are not specified, so the level of resolution for our approvals is the particular associate degree (i.e., Associate in Arts, Associate in Science, etc.). The only instances where we resolve "unit subjects" is in identifying those which are Independent Study..., Cooperative Study..., and Field Experience...

The specificity of approvals has become a growing issue at higher

educational institutions, with respect not only to the correct certification, and VA's calculation, of attendance for benefit purposes, but to the correct application for, and state agency action on, certain approvals. For example, the approval of practicums and internships became a problem for three Colorado universities after the issuance of VA regulation 14265 in 1976 led the state agency to question the approval of individual practicums. As stated in the summary of a discussion between university and state representatives:

If individual practicums or internships are not approved, then large numbers of entire academic curriculums cannot be approved at all three universities. Denver VARO [VA regional office] Information Letter...dated November 23, 1976 stated: "If the work experience course cannot meet...14265(F) and no substitute course is available, the entire program cannot be approved for benefits."

....School representatives asked if the SAA approves degree programs or individual classes (such as the single practicum). Ms. Anderson [of Colorado State University] pointed out that CSU's SAA approval form...shows approval for all programs but disapproval of certain, individual classes required within those programs. Ms. Woods [of the state approval agency] responded that the SAA approves programs, not individual classes, but added that this may not apply in the case of practicums or internships. School representatives...pointed out that VA regulation 14253 (Accredited Courses) states: "Approval of individual subjects, required or elective, which are designated as part of a degree curriculum will not be necessary."²¹

A veteran's specific educational pursuit or objective is closely linked, but need not be identical, to a specific approved program, as the objective can and often must be individually tailored from part or all of several approved programs. That is the case, for example, when a veteran proceeds through several levels of education, receiving first an associate and then a bachelor degree, or a bachelor and master, each of which has been separately approved. Insofar as an approved program and a veteran's objective are identical, the sharper the "resolution" of the approved program, to borrow the apt term of the state agency official, the less freedom the veteran will have to

change his course of study without penalty (as he is allowed only one change of objective without special permission). We have no evidence that this factor affects the specificity of approvals (requested by a college or granted by a state agency). However, it may well affect the particular programs which veterans are counselled to take. Especially in their initial years at college, when their goals are not clearly defined, they would be well advised to enroll in broad programs within which they have latitude to change or focus their interest without having formally to declare a new objective.

Charles Saunders, Vice President of the American Council on Education and a member of the Administrator's Education and Rehabilitation Advisory Committee, has observed that

...the VA laws and regulations have gradually blurred the concept of "program of education," which has a statutory base, with reference to courses which sometimes mean mere unit subjects, at other times mean the particular course load of a veteran during a semester, and still other times mean the veteran's entire educational program. Use of the term "course" should be clarified in both the law and regulations.²²

We agree, and so do state agency directors. When we reported a suggestion, advanced at a meeting of our advisory committee, "that the language of the law be changed to speak of program, rather than course, approval" and asked, "What do you think of this suggestion?" 48 favored and 6 opposed it. All who approve only job training programs favored the change. Some directors would confine the term "program" to approvals at higher educational institutions, retaining "course" at vocational schools.

Robert Gebhardttsbauer, Registrar at George Washington University, has suggested that the following terminology be used at higher educational institutions: "Define 'course' as a unit of subject matter. Use 'degree' and 'planned program' to refer to the student's 'course'

[i.e., course of study, pursuit, or objective]. Employ 'degree' or 'program' to refer to the institution's [state-] approved 'courses.'"²³

Footnotes

1. Steven Jung et al., Final Technical Report, A Study of State Oversight in Postsecondary Education, American Institutes for Research, Palo Alto, California, December 30, 1977, p. 102.

However, according to Dean Aschim, 1978-79 president of the National Association of State Approving Agencies, proprietary school approvals and licensing were handled by the same agency in only 11 states (remark at the January 17, 1979 meeting of the advisory committee for our study).

2. "Possible Effects of Broadening the Mondale Amendment," attachment to December 15, 1975 letter from Kenneth Young, President, Council on Postsecondary Accreditation, to Dr. John D. Phillips, Deputy Commissioner for Postsecondary Education, U.S. Office of Education.

3. Marvin P. Busbee, Legislative Director, National Association of State Approving Agencies, June 19, 1972 Legislative Report.

4. Many of these examples were cited in a paper on VA regional office and Inspector General audits distributed at the March 5-8, 1979 Washington, D.C. meeting of the National Association of State Approving Agencies.

5. Remark of Gilmore Johnson, Director of Veterans Education, State of North Carolina, at the October 26, 1978 Silver Spring, Maryland meeting of the VA and state approval agencies.

6. Statement of Andrew Thornton, Director, Education and Rehabilitation Service, at the October 25, 1978 meeting of state approval agency and VA officials at Silver Spring.

7. March 1, 1979 letter from a state attorney general to Andrew H. Thornton, Director, Education and Rehabilitation Service, Veterans Administration.

8. Ewald B. Nyquist, "It's Time to Reconsider the State-Federal Contract," Compact, Winter 1977, p. 12.

9. Based on the answers of 59 agency directors to the question "Is yours a political or civil service appointment?"

10. "Nearly all executive officers [of state coordinating boards] are exempt from state civil service status; thus, the coordinating agency has some flexibility in setting the top salary, if the state budget office and the legislature are agreeable. In at least nine of the coordinating and two of the governing boards, all professional staff positions are exempt, and in a few more, including two

state boards of education, some high-level positions below the directorship are exempt or are considered to be academic appointments. In the remainder, the lower professional positions come under state salary schedules, an arrangement which, with other civil service restrictions, probably discourages many qualified persons from serving on agencies" (Robert O. Berdahl, Statewide Coordination of Higher Education, American Council on Education, Washington, D.C., 1971, p. 72.

11. Eugene C. Lee and Frank M. Bowen, The Multicampus University, Carnegie Commission on Higher Education, McGraw-Hill, New York, 1971, p. 56.

12. Code numbers assigned in the comprehensive classification of academic degree programs employed by the Higher Education General Information Survey, the set of questionnaires distributed to higher educational institutions by the National Center for Education Statistics, which provide the data for the many statistical series issued by the Center.

13. Fair Practices in Higher Education, a report of the Carnegie Council on Policy Studies in Higher Education, Jossey-Bass, San Francisco, 1979, pp. 33-34.

14. Harold Orlans et al., Private Accreditation and Public Eligibility, National Academy of Public Administration Foundation, October 1974, p. 234.

15. See 1977-78 catalog of the University of Oregon; and The Role of the State in Private Postsecondary Education, California Postsecondary Education Commission, Sacramento, July 1976, p. 94.

16. Report to the Congress by the Comptroller General of the United States, What Assurance Does Office of Education's Eligibility Process Provide?, General Accounting Office, January 17, 1979, pp. 27, 29, 34-5.

17. P.L. 95-202, Sec. 305(b)(4)(B).

18. In The Federal Government's Relationship to Nationally Recognized Accrediting Agencies, U.S. Office of Education, 1977, p. 36.

18a. Federal Interagency Committee on Education, Department of Health, Education and Welfare, June 1978.

19. Comment by Myron Wolowitz, Assistant Director; Education and Rehabilitation Service, at the August 17, 1978 meeting of our advisory committee.

20. Janice Boyd, Director, Proprietary Schools and Veterans Education, Texas Education Agency, at our August 17, 1978 advisory committee meeting.

21. William Lambdin, University of Northern Colorado, Minutes of [January 11, 1978] SAA Meeting with CU, CSU and UNC [the University of Colorado, Colorado State University and the University of Northern Colorado], January 13, 1978.

22. Charles B. Saunders, Memorandum to Administrator's Education and Rehabilitation Advisory Committee, March 6, 1979.

23. January 5, 1979 letter to Harold Orlans.

7. THE STATE APPROVAL AGENCIES II

Supervisory Visits

State agency contracts require at least one annual visit "to each institution furnishing approved courses." The formula upon which reimbursement is based in fact allows one visit a year to each institution of higher learning or hospital; an additional visit to each institution and branch facility offering non-degree vocational courses; and two and a half visits to each vocational school and branch location. The emphasis on vocational training, characteristic of the state approval system, is evident.

State agencies reported making some 24,000 visits in fiscal year 1978; 31 percent were to degree-granting and 69 percent, to vocational schools, although the former had more sites at which veterans were enrolled (Table 10). However, some of the statistics cited in this table, deriving from the first annual report by state approval agencies which has had its teething problems, must be viewed with skepticism. Since visits to non-degree vocational programs at higher educational institutions (most often, junior colleges, technical institutes, and hospitals) were classified under degree-granting schools, the proportion of visits, and the total time devoted, to degree-level programs was less, perhaps much less, than 31 percent.

That inference was confirmed by our interviews with school officials, who indicated that visits by state staff to many colleges and universities were often rare or perfunctory. Thus, at one state university, the registrar had never met anyone from the state approval agency--"One did come by once and say 'hello.'" The veterans officer at a large state institution said, "We have never had a visit

Table 10

Supervisory and Other Visits to Degree- and
Non-Degree Level Schools, Fiscal Year 1978

Type of Facility and Visit	Type of School		
	Degree	Non-Degree	Total
<u>Total sites</u>	<u>10,510</u>	<u>9,211</u>	<u>19,721</u>
Schools	5,325	8,540	13,865
Branches	5,185	671	5,856
<u>Total visits</u>	<u>7,438</u>	<u>16,546</u>	<u>23,984</u>
Supervisory	5,469	11,535	17,004
Other	1,969	5,011	6,980
<u>Average number of visits</u>			
Per site	0.7	1.8	1.2
Per school	1.4	1.9	1.7

Source: State approval agency reports to Veterans Administration. "Degree-level" schools include higher educational institutions and hospitals. "Branches" are additional locations, extensions, and facilities at which approved courses are offered. "Other visits" include (mainly) inspections conducted at VA request, and visits exclusively for the approval of new or revised courses.

from [the state agency]...." At a large community college in the same state, the veterans certifying officer told us, a state representative "visits maybe once a year; he will sit and talk maybe half an hour." At a private midwest university enrolling some 300 veterans, the veterans coordinator had had little contact with state agency staff in the eight years he had held the job. During his brief annual visits, the state field representative asked a few questions and looked at no records. The registrar at a major midwest state university had also had little contact with state agency staff, aside from a perfunctory visit. At another large public university, the veterans affairs officer had had only a short visit from an official approving degree programs, but two visits from staff approving vocational programs, who examined information on the accreditation of these programs and compared the institution's veteran student records with their own records. Normally, the records of individual veterans would be held by the VA regional office; if the account was correct (and the official was unusually knowledgeable about VA affairs), this may have been not a normal supervisory visit but a special visit undertaken at the request of the regional office.

Such special visits may last longer than routine supervisory visits, for the state representative then has specific problems to address and may spend considerable time exploring their source and practical ways to deal with them. Usually the problems involve money--either overpayments to veterans resulting from late or faulty reporting of veteran attendance and course load; or underpayments, late payments, or nonpayments, which may also result from inadequate reporting, faulty approvals, or errors by VA regional staff. Apparent

overpayments or faulty school records and reports are often detected in the course of inspections ("compliance visits") by VA regional staff, or upon the late receipt of school reports by the regional office. Apparent underpayments may be detected in the same manner, or as a result of complaints or inquiries by veterans, school officials, and, in due course, district Congressmen. Inadequate records (or "deficiencies," in the VA lexicon) become "approval" problems by virtue of the fact that all of the statutory criteria for approving accredited and nonaccredited courses under Section 1775 and 1776, including those pertaining to records of student enrollment, continued pursuit, progress, withdrawal, and "the last day of attendance," are incorporated in the VA-state agency contract.

State agency staff often sympathize with the school's position and try to mediate between the school and the VA, although their chance of success depends (among other factors) upon their standing with VA staff, the latitude the VA regional office enjoys in resolving a specific problem, the respective staff time and competence available at the state agency and regional office, and how school officials choose to deal with the issue. An important issue can soon escalate to the level of VA headquarters and the school's Congressional delegation.

Supervisory visits at vocational schools are more frequent and more detailed than at colleges. According to a proprietary school administrator, the state agency representative visited once a quarter and spent a full day on veteran student files, checking to see that the right course units were entered on the student's record and certification and that the time and attendance reporting was accurate; he made several recommendations to improve the records. The vice president of a beauty school was visited every three months by a state official who spent two or three hours inspecting every veteran file (there were under 20 veteran beneficiaries).

An effort may be made to talk with veterans as well as administrators. One official even said, "It is essential that we sit in the classroom... and see what is going on."

The contract states that visits of "inspection and supervision" are required "to determine that the approved courses continue to meet all of the conditions under which approved." The impossibility of that "all" is self-evident. The contract also states:

The State shall furnish the Veterans Administration a copy of a report of each visit made to approved institutions...which shall provide the name and address of the institution..., the purpose of the visit, records examined, changes in approval if any, discrepancies found, corrective action taken, any action required of the institution...which has been taken directly with the Veterans Administration and the basis for finding that course continues to meet requirements for approval or for failure to do so.

Marvin Busbee, head of the South Carolina approval agency, has questioned the last provision about "the basis for finding" that a course "continues to meet the requirements for approval" on the ground that "it would require a 100% audit."¹ This view was endorsed by state agency directors meeting in Silver Spring, Maryland in October 1978. If the provision is taken seriously, their objection is reasonable.

State staff commonly use a brief check sheet for their supervisory visit report, ticking off the basic points covered (yes, no; or satisfactory, unsatisfactory, not inspected) with a few comments, if any. Some agencies use a different, and others, the same form for collegiate and vocational schools, and separate forms for the student record inspection and interview. Forms vary considerably in the detail noted: one vocational school form listed 53 points; another 28; a third, 12. One form for accredited colleges dealt with seven points; another, with 22.

Some agencies send a copy of this completed form to the VA regional office to discharge their obligation to report on their supervisory visits. Others regard it as confidential and prepare a separate and usually simpler report for the VA. (The VA in turn regards its completed approval information form and compliance survey reports as confidential.) A VA circular states:

A monthly list of schools...visited will not suffice. A copy of the individual report utilized for State purposes is acceptable if it includes information about the findings and confirms that the school...met or continues to meet requirements for approval, with all discrepancies and corrective action required being noted. If State law precludes a copy of the State report being forwarded to the VA, a separate narrative description may be submitted. This narrative should enumerate all discrepancies found, corrective action required by the SAA and their recommendations, as well as any other pertinent and related information which will be beneficial in improving training opportunities and quality of program.²

Marvin Busbee comments:

....a supervisory visit [report] with yes's and no's and occasional maybe's is almost meaningless in terms of communication or information which is needed by me and by the Veterans Administration....

Our Area Supervisors are required to write a memorandum...following a supervisory visit listing discrepancies that could not be corrected during the visit....and recommendation....

In turn, I make the decision as to whether or not the Veterans Administration should be notified and if so, write them a letter enclosing the supervisory memorandum and a copy of the letter written to the school pointing out the discrepancies.³

Plainly, VA staff are dissatisfied with the quality of many supervisory visit reports. Some state agency directors are equally dissatisfied with them--and with the quality of the information they receive from the regional office.

Insofar as supervisory visits and reports have received inadequate attention from state agencies (as, by their own account, comparable "liaison visits" have received inadequate attention from

regional liaison officers) it is due to the overwhelming--in our opinion, impossible--work burden placed on their staffs. When more is demanded than can possibly be done, something has to give and that is often supervisory visits, especially at colleges and universities. In assigning them low priority, state agencies have conformed to the priorities suggested by the VA in its February 1978 circular "State Approving Agency Contact Priorities" (though, unlike regulations, which are binding, circulars are merely advisory for state agencies). This assigned lowest priority to supervisory visits and, among these, to accredited college courses (Can one visit a course? Apparently yes, according to the circular):

1. Unaccredited courses
2. Nonregistered apprenticeships and on-the-job programs
3. Accredited vocational courses
4. Accredited college courses

The Withdrawal of Approvals

Statistics on the denial or withdrawal of approvals are a mess, since they add apples, pears, plums, peaches, pits, and popcorn. They suggest a substantial rate of withdrawals resulting from firm state action to maintain standards, whereas, in fact, most withdrawals are evidently attributable to the reduction in the number of small schools and job establishments enrolling veterans and their refusal to apply for approval or to comply with the paperwork necessary to maintain it. In general, state staff would like as large a universe of approved schools and job establishments as possible; many facilities remain approved for considerable periods of time although enrolling no veterans. The larger the universe,

the greater the range of choice for veterans, and the larger the size of the agency's contract. The normal response to the discovery of a violation in approval criteria is to try to correct it; the suspension or withdrawal of approval is the last step taken, when all others have failed.

For what they are worth, the gross figures on the number of degree-granting institutions and vocational schools with course approvals suspended or withdrawn during 1978 are given in Table 11. Only 56 or 1 percent of the 5,325 approved degree-granting institutions and 622 or 7 percent of the 8,540 vocational schools were involved. A higher proportion of applications for the approval of new, than of existing, courses was denied (4 percent at colleges and 7 percent at vocational schools); and a yet higher proportion of entirely new applications (7 percent of those from 417 degree-granting and 14 percent of those from 1,134 vocational schools).

Denying Approval

Common reasons for denying approval were the failure of vocational courses at private schools, or any courses at certain branch extensions, to have been offered for two years. Courses which are avocational or do not advance an occupational or professional objective (such as refresher or mid-career courses for established professionals) and correspondence courses under six months long may not be approved. Avocational or social courses may include bartending, personality development, photography, entertainment, public speaking, dancing, sports, athletics, music (except for professional, for-credit courses), and private pilot training.

Examples of courses which were denied approval although all other courses at the institution were approved are:

Table 11

Number of Schools with Approvals Suspended or Withdrawn, 1978

Number	Degree-granting institutions	Vocational schools	Total
Active, 9/30/78	5,325	8,540	13,865
With deficiencies noted ^a	1,532	4,327	5,859
Approval suspended	19	106	125
Approval of some course(s) withdrawn ^b	32	197	229
Approval of all courses withdrawn	15	319	334

Source: Reports of state approval agencies for fiscal year 1978.

a Deficiencies noted by approval agency or referred to agency by VA regional office during fiscal year 1978.

b Approval of one or more but not all courses withdrawn.

- o A course in pleasure flying at a for-profit flight school.
- o A non-degree course for medical technicians offered for less than two years by an accredited private college.
- o All courses at several extension branches of an accredited private college, which had not been offered for two years and were beyond normal commuting distance from the main campus.
- o Two non-degree programs at a prominent state university. One, a sequence of farm courses in the winter months, was less than six months long; the other, a charter life insurance program, was judged to serve no occupational purpose.
- o Several correspondence courses of a for-profit school, which were under six months in length, had not been offered for two-years, or served no vocational purpose (one involved assembling a color TV set).

Suspending Approval

Course approvals may be suspended or withdrawn if a school cannot or will not comply with an approval criterion. We were going to say, a "significant" criterion; that is a reasonable assumption, but the law is not always reasonable. In principle, all statutory and regulatory rules are of equal force to dutiful public servants, as VA regulation 14259 makes plain: "It is incumbent upon a State approving agency...to take immediate appropriate action in each case in which it is found that the conduct of a course in any manner fails to comply with the requirements for approval." "In any manner" insists on an obedience to the letter of any and every rule, when a reasonable course (which, we assume reasonable officials follow) would take into account the significance and deliberateness of any failure to meet an approval requirement.

The suspension of a course means that new veteran enrollees will not receive benefits. The suspension is limited to sixty days:

(a) The...State approving agency...

(1) May suspend the approval of the course for new enrollments for a period not to exceed 60 days to allow the institution to correct any deficiencies, if the evidence of record establishes that the course fails to meet any of the requirements for approval.

(2) Will immediately disapprove the course, if any of the requirements for approval are not being met and the deficiency cannot be corrected within a period of 60 days.⁴

A letter of suspension from an approval agency director to the Vice President of a Southern university states that the university had been cautioned not to certify veterans for courses that were not part of their authorized programs or which they had previously passed.

The VA has furnished me a copy of a compliance survey report....[which] reflects numerous violations of the criteria of approval and other regulations. Students have been permitted to repeat courses that they have successfully completed....[or] that are not part of their educational goal.... Unsatisfactory progress has not been timely reported to the VA as required.

....Under the circumstances, it has been determined that the best interest of all concerned will be served for the approval of _____ University to be suspended. During this period of suspension, representatives from the SAA as well as the VA will work with you and college officials...to insure future compliance with applicable laws and regulations. However, the responsibility of correcting the inequities rests with the university.

The approval...is suspended effective January 3, 1978. During the suspension, those veterans currently enrolled may continue to receive VA benefits....No additional veterans or dependents are to be certified to the VA during suspension....the suspension will be lifted at a time when you provide assurance that the serious discrepancies are corrected and will not recur.

A letter from another agency director to the president of a Midwest college informed him of the suspension of approvals to enroll further veterans at the college's extension program.

....We believe the conditions contained in our approval letter, dated July 26, 1977, are not being met. We are therefore suspending our approval....The suspension will remain in effect for a period not to exceed 60 days to allow you to make administrative arrangements that will satisfy us that the approval should be continued. If satisfactory arrangements are not made within 60 days we intend to disapprove the course offerings at this location.

We will not agree that a full-time faculty member of [another college]...can make himself sufficiently available to provide an adequate program of educational, occupational and personal counseling for...[extension] students....

We will require your administrative arrangements to include office space and clerical support of the Program Director....We will also expect a mailing address, telephone number and a schedule of office hours.

The latter case, unusual in its detailed attention to minimal educational standards, reflected close collaboration between the state approval agency and the recently established state licensing agency which was making a vigorous effort to reduce the number of substandard schools, including many branches of out-of-state institutions. It led to the discontinuance of this extension program.

Withdrawing Approval

Suspension may be followed by the withdrawal of approval if the cause of suspension has not been rectified. Several agency directors felt that the 60 day limit to suspension was too short and should be extended.

We believe that it was a serious mistake to limit the suspension of enrollments to a period of 60 days....Prior to the adoption of this regulation, [we]...found the suspension on enrollments for an indefinite period of time to be an effective tool....We are reluctant to withdraw the approval of courses offered by an educational institution, thereby terminating the enrollment of eligible veterans wherein there may be failures to comply with all requirements of applicable laws and standards, but the discrepancies are not of a serious nature. In these cases...we would prefer to extend the suspension on enrollments for an indefinite time.

Presumably, the limit was set to avoid such indefinite extensions and to protect VA's power to determine when benefits should and should not be

paid. The latter could be accomplished by giving the regional director the right to authorize an extension of the suspension period.

Approvals may be withdrawn for breach of approval criteria. Examples we have noted include withdrawals because of:

- o Inadequate school records disclosed by a compliance survey.
- o The failure of a junior college to monitor attendance or give a failing grade.
- o Failure to demonstrate that 50 percent of the graduates of vocational programs obtained employment related to their training.
- o Failure by a vocational school to conduct the required employment survey of graduates.
- o "Shabby recordkeeping."
- o Failure by a community college to require a transcript of entering students.
- o The reduction of a correspondence course to less than six months.⁵
- o A school's false certification that extension students were enrolled at the main campus.

State and regional staff tell stories indicating their courage in seeking to withdraw approval while the other side yielded to political pressure. Thus, one VA official told how the regional office stopped benefits after the state agency director would not suspend or withdraw approval from a business college whose owner had strong political connections. Another said scornfully that, "They [an approval agency in a veterans department] don't want to withdraw approval and offend the state legislator upon whom their appropriation depends." Contrariwise, a state director said that he refused to approve a university's extension programs though "VA Central called me six separate times asking me to approve the darn programs." A second director said he tried to withdraw approval from

some institutions which did not report student terminations but was overruled by VA "because of political pressures."

In fact, most approvals withdrawn for serious violations, like most cases of regional office benefit terminations, have involved small proprietary schools; and a number of states have never withdrawn approval from any school. Of 44 cases of approvals withdrawn by one state agency in the four years from 1975 to '78, about 30 involved proprietary schools (10 flight, 6 beauty); 6, hospital schools; and 5, public vocational or training programs. One was a proprietary junior college and one, a seminary.

The Case of Large Institutions

The difficulties of withdrawing approval from a large institution and the reluctance of state and regional officials to do so were explained in their replies to our question, "Given the same failures to meet approval criteria, is it as feasible to withdraw approval from a large as from a small institution or job establishment?" Of those giving a clear answer, 54 percent of agency directors and 65 percent of regional respondents said "no."-- "No, no, a thousand times no." "Of course not." Those replying "yes," often said it should be; it was important for reasons of equity and effectiveness to treat large institutions by the same standards as small ones. "Withdrawal of any large state, proprietary schools or training establishment approval would have a salutary effect on every other approved establishment in the state," an educational liaison officer observed, pointing to the disapproval of a large correspondence school as a case in point. The head of an approval agency in a large industrial state wrote:

One of the major attributes necessary to successfully administer any statute is credibility. And one can only maintain credibility by administering legal sanctions in an equitable, open manner. It is not only feasible to apply the same sanctions to a large university as to a small school, it is an absolute necessity.

Nonetheless, many factors reduce the likelihood that the approval of a large institution will be withdrawn. The many veterans enrolled make the withdrawal of approval and consequent termination of benefits more serious. "The loss of approval by a university or major community college could have an impact on the economics of the community...." At large schools, veterans may organize to resist the withdrawal. They and school officials often ask Congressmen, state legislators, and other influential persons to intercede, which, because of the large number of persons (and voters!) involved, they will often do. A key point of intercession, and of state agency vulnerability, is the head of the Department of Education. A large public institution, one regional respondent noted, "can bring far more pressure on the SAA [than a small school] through the Department of Education." Another observed the "demonstrated reluctance of the SAA to be firm with the large state institutions." A regional director explained:

In addition to the greater position in the political power structure that a larger school occupies is the usually large number of eligible beneficiaries whose payments would terminate on withdrawal, thereby intensifying the pressure on the Veterans Administration and State Approving Agency....At small schools, particularly small private schools, the State Approving Agency can usually withstand the storm over the impact of withdrawal actions. As a practical matter we cannot remember any school withdrawal that resulted in terminating student benefits except one as a result of a court action which found favorably for the Veterans Administration, and two on job-training facilities who were grossly in violation of approval criteria.

The approval agency director of the same state confirmed this analysis. "...it would obviously be political suicide to withdraw the approval of a

large public university." "Such an action," another agency director wrote, "will be tantamount to political suicide since great political pressures could end the existence of the S.A.A. Besides, an untold number of hardships would be caused on eligible persons who attend such a university...." It is "almost impossible to do anything to a large or politically backed school," one agency director observed, "except restrict enrollment in a few subjects."

When withdrawal occurred, the approval agency usually acted in cooperation with responsible state officials who were also dissatisfied with the performance of the offending institution. "...it would not be feasible to withdraw the approval of a large university unless there was backing from the State Superintendent and the State Board of Education."

In an interview, a director enlarged on the facts of life:

...it would be wonderful to say, "You have X days to improve or goodbye." But the political reality is that we are also employees of the state and we have to live with these people....The state will always be inclined to be more "reasonable" than the VA. I am not really comfortable withdrawing approval until the State Board says the school should go. Until then, it's a sticky wicket.

Another director wrote, "We were forced to withdraw the approval of a State School and there were many resulting pressures....It was a very difficult period and only with cooperation from the local VARO [VA regional office], and the Board of Regents were we able to reapprove this school."

The latter episode involved a case of appalling mismanagement at a largely black campus of the state university system. After the facts--including the receipt of benefits by many nominal "students" who never attended classes--were publicized by the local media, university officials removed the offending administrators and worked closely with the approval

agency to set things right. In a more direct confrontation, "We came within an eyelash of removing the State University from the approved list.... The University started backing down when the Regents realized the fight would go public. They just didn't want it advertised that the University had 27% of their students receiving I's and W's" (incompletes and withdrawals, both non-punitive grades).

Of course, the approval agency head will do his best to avoid a confrontation. If he informs the university president, the superintendent of education or the state board of higher education and is himself respected, he can usually expect to gain their cooperation although the necessary changes may take a considerable period of time. Some say that large institutions are more businesslike, have computerized information systems, large administrative and clerical staffs, and make a conscientious effort to correct errors that are brought to their attention. Others, like this regional director, say that, because of their massiveness and internal bureaucracy, they cannot be expected to comply with every rule and should be dealt with more leniently:

Large schools cannot monitor veterans attendance or progress on an individual basis, and must rely on computer systems and work-study help. It is not feasible to expect continued compliance with all approval criteria from large schools. They should be allowed tolerances that are not appropriate at a small establishment, as long as they are cooperative and amenable to attempting to achieve better internal controls.

It goes, perhaps, without saying that a battle-hardened administrator of a strong institution will not necessarily capitulate when the head of a minor state agency says that the institution has done wrong. He will size up the man and the offense, the reasonableness of the request and the strength of the opposition, and decide whether to yield, fight, or find a way around the impasse. The fighting has been largely with the VA, not the approval agencies.

Voluntary Withdrawals

Most withdrawals of approval have occurred by necessity, upon request, because a school would not apply for approval for all or some courses, or would not make the effort called for to meet VA regulations.

Inactivity

The largest number of withdrawals are probably due to simple inactivity, the lack of veteran enrollment. Though the approval agency reporting form has no place to record this, officials in one large state estimated that the number of approved schools was shrinking by 10 percent a year due to declining veteran enrollment and the graduate employment survey.

The conditions under which an inactive facility has its approval withdrawn are unclear. In principle, an approval is permanent and, at any time, many approved facilities are inactive; approvals are withdrawn periodically in some states, to purge the list. In 1978, for example, only 500 of the 6,000 approved on-the-job programs in Michigan were active. A VA official estimated that "the number of [approved] job training establishments has built up to 15 or 20 times the number of active establishments." About 80 percent of approved job establishments became inactive during the year, 20 remained active, and 80 new ones were added.⁶ At times, VA has urged agencies to pre-approve job establishments, to promote more on-the-job training; at other times, it has asked them to clean out the deadwood.

While there are far fewer inactive institutions of higher education and vocational schools, many approved courses and branch sites have no veteran students. "Houston Community College operates at 105 locations which have no administrative capacity or separate facility code; there's no way to know if they're active or not."⁷ Since an institution normally

requests approval of all its programs, veterans may never be enrolled in many approved programs.

Under the law, the denial or withdrawal of approval for either an institution, a facility, or a program requires "a certified or registered letter of notification and a return receipt requested," leading to letters such as the following (sent to a state university campus):

Effective December 27, 1978, approval to train veterans and other eligible persons...is withdrawn for the following courses of study. All other current approvals remain in effect....

Degree Programs

Latin

Latin N-9

Latin 7-12

School Administrator and Supervisor

This withdrawal results from the programs being discontinued.

This formality, the press of more urgent concerns, normal administrative lag in monitoring the status of schools, and a wish to maintain as many approved schools as possible all serve to inflate the number of approved schools and courses.

The Graduate Employment Survey

Many vocational schools have withdrawn from the GE program or had their approval withdrawn, because of the statutory requirement that they establish that 50 percent of their graduates during the preceding two years were employed in fields related to their training. The requirement was instituted by P.L. 93-508 (December 1974), but the complex and laborious method of implementation, by survey of all (not just veteran) graduates, was determined by the VA. Schools obtain the necessary questionnaire forms from the VA regional office and must mail them at their own expense to all (or, if these number over 300, a sample of all) graduates of approved vocational courses. "It is expected that the school will obtain at least a

75 percent response rate from those graduates who receive the questionnaire"; at least three follow-up attempts within a two-month period must be documented.⁸ When the questionnaires are returned, the school mails a separate summary report (on a VA form) for each course to the state approval agency which checks it for accuracy and sends a copy to the VA regional office.

The surveys have entailed so much labor (an estimated 300,000 man-hours annually) and have presented so many technical difficulties to approval agency and school personnel inexperienced in surveys and so many opportunities for accidental errors or contrived findings that regional and state officials feel they should be dropped.⁹ "...any idiot could figure how to get around the 50 percent requirement," one state official remarked, and many others concurred. VA has been conducting an inquiry to see if the employment requirement should be dropped or retained and, if retained, how it might better be administered. Of 20 approval agency directors who responded to a VA request for their views, all opposed a continuation of the survey in its present form.¹⁰

Of 32,700 courses subject to the survey requirement, the approval of 7,200 or 22 percent was withdrawn because no survey was conducted (because no veterans were enrolled, there were no graduates, school officials thought the findings would be negative, or for some other reason). The approval of another 669 courses was withdrawn for failing to establish 50 percent employment. Hence, as of June 1976, the direct withdrawal of approval by state agencies accounted for only 9 percent of the 7,896 course withdrawals attributable to the employment survey.¹¹

Onerous Paperwork

Spokesmen for the four associations accrediting the largest number of proprietary schools all knew of schools which have withdrawn from the GI program because the paperwork was not worth it for a few veteran beneficiaries:

...a number of institutions, particularly in the secretarial area, have withdrawn....all have cited the paperwork involved as the main reason....

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...a few schools have voluntarily relinquished their complete approval (we know of at least five cases) and other schools have not sought continued approval for certain individual courses. The primary reasons given are that there is too much paperwork and the administrative effort and cost becomes an added burden to non G.I. Bill students. For example, all school graduates must be surveyed for the VA placement survey--not just veteran graduates....

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A few of our schools do not participate in any veterans programs. During the past few years, several school administrators have told me they were discontinuing federal programs. The reasons generally fall into two categories. (a) The number of students did not justify the paperwork and bureaucratic conditions, and (b) they didn't want to bother with the VA Placement Report surveys.

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...many cosmetology schools have either not applied for VA approval or have withdrawn from the program. There are several reasons for this. First, cosmetology schools tend to be very small, many with only 30 students or less. Secondly, the students are primarily women who usually are not eligible for VA benefits. Thirdly, the paper work required to maintain approval seems to constantly increase and it is rarely, if ever, simplified. Most cosmetology schools are "mom & pop" operations with very small administrative staffs to process this paper work.

Several examples may illustrate why schools have withdrawn from the program despite efforts by the approval agency and the VA regional office to induce them to remain.

According to its president, a large nonprofit correspondence school with unusually low charges had been approved for veterans for several years after the Korean GI Bill, but dropped out when "the paperwork snowballed." The school was reapproved in the mid '60s, after he became presi-

dent, but, at the end of the '60s, he decided to withdraw and has stayed out of the program. "There was all kinds of red tape. I was bounced back and forth from the State Department of Education to...[two VA regional offices]. It's not worth the hassle. My business manager said our other students are going to have to pay for the expense of having veterans." In October 1978, only a few of the school's 5,000 students were veterans; they paid out of their own pocket.

A successful chain of real estate schools which had once had 16 schools approved has left the program despite an educational liaison officer's efforts to retain it, since 500 of the school's 25,000 students were veterans. The 50 percent employment survey "was a pain" and the school had an irregular class schedule. At the Central Office's insistence, the officer asked them to set up a special, regular schedule for veterans but the school refused.

Two of three beauty schools which Mr. C owns in three Southern towns have withdrawn from the GI program. One, which Mr. C managed, had 65 students. Maybe five times a year, a veteran's daughter or wife and a few male veterans would call and ask if the school was eligible for benefits. "I say, 'I'm sorry, we are not an approved school....It's not that we're not eligible, but we can't justify the required paperwork.'" The second school was asked to apply for approval, as there was no other beauty school in town, but "I became thoroughly nauseated at the thought of going through it." Personal tolerance for government paperwork was obviously a factor, since the third school, managed by Mr. C's son, retained its approval though only one of its 38 students was a veteran. The son had also wanted to get the second school approved, but did not pursue the matter when his father objected.

One cosmetology school reputedly asked to have its approval withdrawn in order to stop the flow of regulations and circulars (many having nothing to do with its program) which VA sends to all approved schools.

The residential extension programs of seven campuses of a large state university system posed approval problems because they could not readily certify that the credit awarded was acceptable toward a degree, since that determination was made by the departments in which extension students might later enroll. VA and state staff arranged a meeting to discuss the problem, but representatives of three campuses declined to attend and their approval was withdrawn. The other campuses agreed to evaluate veterans in advance to state that their credit would be acceptable. One campus could do so readily with its computerized record system for over a hundred thousand students. The campuses which withdrew had few veterans enrolled. The dean of one extension program wrote:

When the Veterans Administration laid down additional regulations in 1976, I decided it was too much trouble to comply for very few potential students. This isn't to say that we didn't have extensive systemwide meetings with our fellows on other campuses...and devise elaborate plans for trying to comply....Our position is guided by the fact that we are a self-support agency that cannot afford, without loss or lying, to conform to the VA regulations.

California community colleges have devised a simple way to escape the onerous requirements of accounting for the clock hours of veterans' attendance in one-year vocational programs for which a certificate is awarded. They do not request approval for these courses; hence they are not approved and veterans are enrolled in two-year, credit-hour vocational programs for which an associate degree is awarded. Do all receive a degree? No, many drop out after one year and receive a certificate if they petition for it.

Thus, the lack of course approval can be advantageous to a school and its veterans, and many schools have withdrawn from the GI program because they find it disadvantageous to remain approved. One regional director declared that "The only schools for which approval withdrawal is feasible are those whose VA enrollment is so small they don't care if approval is granted or denied." There is much truth in that overstatement and there will be more truth in it. Many institutions have already threatened to withdraw from the program because of one regulation or another; some large institutions have failed to comply and remained approved. Insofar as money is power--and an incentive, the power to compel, and the institution's incentive to give, compliance will diminish as the number of veterans declines. If the burden of compliance is not eased, an increasing number of schools is likely to withdraw from the program.

The National Association of State Approving Agencies

The National Association of State Approving Agencies was organized in 1948 after several regional meetings of state veterans education committees and emerging approval agencies had been held in 1945 and succeeding years. Southern states were prominent in the early meetings and Southern directors have remained prominent in association affairs to this day. Most, but not all, approval agencies belong to the association, which holds national meetings twice a year (a third meeting of state and VA regional staff is sponsored by the VA) and six regional meetings.

The association has committees paralleling each kind of course approval (at institutions of higher learning, vocational programs, flight schools, and on-the-job establishments) as well as a committee to negotiate the VA contract and a legislative committee to follow Congressional developments

and present testimony on behalf of the association. Among the charter purposes of a new Operations Committee are:

To make recommendations for improving the performance quality of all SAA's....

To secure and disseminate to the membership all opinions received by individual SAA's from VA Central Office....

To investigate and report to the President of the Association, with recommendations, any allegations of SAA's failing to perform their duties in accordance with applicable law, regulations and contract requirements.

NASAA is handicapped in its work by restricted out-of-state travel funds and the limited time which busy members can, or care to, devote to its activities, which is evident in the unpolished nature of many of its papers and resolutions. However, the current association secretary, Bernell Dickinson of North Carolina, has issued an informative monthly newsletter which reproduces verbatim significant correspondence, VA opinions, and other materials. Because of the costs entailed, the newsletter has not been automatically circulated to all VA regional offices; if arrangements were made to do so, it could provide a useful channel of communication between the states and regional offices.

The brief association history by Paul Smelser,¹² head of the Missouri approval agency, indicates that "Plus ça change, plus c'est la même chose." A series of conflicts and tensions which rise, erupt, recede, and rise again have been evident among different agencies and within the same agency, between:

- Fighting and cooperating with the VA;
- Cooperating with, fighting, and ignoring other approval agencies;
- Volunteering and withholding information about agency activities and finances to achieve more widespread effectiveness and uniformity or maintain individually advantageous arrangements;

--Seeking national approval standards and the freedom to exercise local discretion.

Other conflicts have arisen between younger and older generations; veterans of the Vietnam and earlier wars; the geographic regions--especially, the South and North; pro- and anti-union factions in job program approvals the philosophy of "education" and "training"; a tolerance and intolerance for nontraditional education; the acceptance and rejection of accreditation in approving vocational courses. There has been less conflict over the support of states' rights; larger and broader veterans educational benefits, larger appropriations, more independence, and a reduced workload for approval agencies; and fuller consultation before the issuance of VA regulations.

Unfortunately for their cause, the approval agencies have, of late, been so deeply divided that they would find it difficult to agree on what counsel to give VA on many matters. This fact and a painful lack of political sophistication and technical competence, especially in the area of higher educational approvals which have been of central concern to VA and the Congress, have not encouraged VA (which, in any event, seldom develops policy by consulting the troops in the field) to consult the approval agencies.

Tensions ran so high after the 1977 election of the NASAA president that many agencies were close to resigning and had to be urged to remain members. (In the spring of 1979, about 60 of the 79 eligible agencies had paid their \$40 yearly dues.) Passions flared again at the association's March 1979 Washington meeting. A committee chairman complained that he had been excluded from a regional subcommittee meeting; a director complained that "Last year's nominating committee named not one candidate from the Northeast, North Central or Northwest regions" and that more

young members should be appointed to association committees; another said, "There is so much factionalism, this organization doesn't act when it should to serve veterans. I have yet to see any unity on behalf of Vietnam veterans." A speaker reminded the group of the rueful truth that "... if we are not unified in our proposals, VA will have to tell us what to do."

One agency director spoke of his fellow directors as follows:

Everybody in one way or another is a prima donna. They are all bosses. You have fifty or sixty bosses there. They've worked out their ways of doing things--good, bad or indifferent--but it's their way. Their only common front is whatever antagonism they have toward the VA. It happens we don't feel particularly antagonistic....I guess the reason I go to the meetings at all is that I get to find out what is the newest legislation and what new rules and regulations are going to come out and what effect they're going to have on my program....As far as anything positive coming out of the association, I have yet to see it.

....Some of these guys are so dumb they don't even know they're in a jam. They don't even know that they might have a problem, because they don't have any kind of basic understanding of what it is that they are about. Some of them just could[n't] care less; some...are so ego-involved in what they do that that's all they can see. I'm beginning to get acquainted with a few of them that I think are doing a pretty good job. I'm not particularly interested in what they are doing--they're not particularly interested in what I'm doing.

The only [NASAA] meetings that I've been to that I thought were even worth my having spent the government's money...have been in the last year or two, where we have had panel discussions and people were asked to be prepared to explain exactly how their state dealt with certain kinds of approval situations....Well, it turned out that the ones who care anything about it or pay attention to what they're doing came prepared and the same ones that never come prepared didn't come prepared...or didn't show up to be on their panels.

Unable to agree on a new president at their June 1979 meeting in Jackson Hole, Wyoming, members re-elected their outgoing president, Dean Aschim of the Iowa approval agency, for another year.

On Conflict and Cooperation

Margaret Mead edited a book on Cooperation and Competition among Primitive People (1936). A similar book could be written about the relation of approval agencies to other state education bodies and the VA. Here, we will merely note a few of the forces which markedly influence the nature of the approval process.

With State Education Agencies

We asked approval agency directors the following question:

In some states, approval agencies must follow policies which conflict with those of other state agencies (as where state agencies encourage forms of nontraditional education which do not qualify for full veterans benefits) or even with state law (as in the standards for OJT-apprenticeship training). a. Do you encounter such conflicts and, if so, what are they? b. How do you resolve them?

The degree of conflict with other state bodies appears related to the strength of the body whose policy conflicts with that of the VA; whether the approval agency is located in that, or another, body; and the importance assigned to the policy by VA and the state. Perhaps we should just say "the state," because VA seems to assign high importance to virtually all of its policies.

When state licensing bodies are weak or nonexistent, as they were in the early years of the GI Bill, there is less likelihood of conflict between VA and state requirements. As most states have now adopted licensing laws, especially for proprietary schools, the possibility of conflict has risen. However, minor differences can readily be resolved, usually by accepting the stricter VA criteria for approval purposes (and sometimes for licensing purposes as well). When approvals and licenses are handled by the same agency, the simultaneous operation of two separate policies can be awkward; however, licensing officials may favor the stricter provisions which the legislature has been unwilling to adopt. One director observed, "In conflict situations, the basic 'rule of thumb' has been that whatever requirement is most stringent...is accepted....Most conflicts have been in the area of advertising, refunds, and course content descriptions." In one state, the legal "cooling off" period on a

student contract is 3 days, whereas VA requires 10 for home study courses; in another, the licensing provision on tuition refunds was more lenient than the VA's; in both cases the VA rule supervened,

The director of an agency approving vocational courses submitted a list of conflicts between state policy VA and state policies; his choice of subjects and words manifests a clear preference for state policy and a grudging compliance with VA requirements:

1. VA definition of attendance and absences are at variance with those of our schools,
2. Limiting benefits by course definitions (i.e., independent study) rather than academic measurement (credits) limits the methodology [educational methods or formats] a school may make available to veterans,
3. Using the seat time rule as a measure of benefits also limits available methodology,
4. Using different approval criteria and administrative procedures for IHL and BCL creates consternation and division between the two types,
5. Prescribing rigid standards of progress limits the ability of a school to effectively counsel veterans,
6. Prescribing standards of progress can result in double standards--one for veterans and another for other students.

The serious conflicts of approval agencies located in state departments of labor that prescribe apprenticeship registration policies which differ from those of the VA are detailed in the Job Training Programs chapter. In this instance, VA espouses a laxer standard than the state (and federal) Department of Labor. VA has stood firm and the states have yielded--as little as necessary, in strong labor states; readily and without concern in the others.

The conflicts involving higher education approvals have been most severe in states with strong education departments or boards.

Conflicts were acute over the standards of ~~progress~~ regulation, until its enforcement was, in effect, voided or postponed; they now concentrate on the identification of, and benefits for, nontraditional courses. However, in both cases, the primary conflict has been between the state and its higher educational constituency, on the one hand, and the VA on the other. Since the approval agency is not the source of the regulation, but merely an (often reluctant) instrument for enforcing it, its director need not be caught in the line of fire unless that is where he chooses, or is forced, to stand. One agency director who, bravely or foolhardily, testified in court on behalf of the VA against the position being argued by the Education Department of which his agency was a part, soon lost his (civil service) job.

Several directors noted the conflict between state higher education policies encouraging nontraditional education and VA policy which, basing benefits on weekly class hours rather than credits, discourages it.

We do encounter some problems in relation to the approval of nontraditional programs in technical community colleges....The programs are self-paced, competency based and the institutions have open entry, open exit policy....the students find it hard to qualify for full-time benefits....The conflicts are on full-time requirements, specific beginning and ending dates, seat-time and similar requirements.

One approval agency could not approve nontraditional external degree programs offered by a state board, "because the VA has ruled that since 'academic instruction' is not offered, the Board does not meet the definition of an 'institution of higher learning'" In one state, two institutions "are mandated by the State Legislature to pursue nontraditional approaches." After repre-

sentatives of the approval agency, the regional office, and the institutions met to discuss the situation and clarify VA policy, a "precipitous drop in veteran enrollment" at the institutions occurred. "The end result has been to discourage and/or deprive the veteran of this state['s] alternative education experiences."

Veterans have also been discouraged from enrolling at Evergreen State College and other institutions in Washington state involved in litigation with the VA over the benefits for nontraditional courses, because of the uncertainty involved and the possibility that, if VA wins the suit, overpayments will be assessed. The head of one approval agency located in a state higher education body wrote:

In the case of this agency the conflict is internal....We endorse and encourage nontraditional approach to the delivery of instruction. As the SAA we are required to identify "independent study" so that the VA may discount it for measurement of full-time study and payment of full-time benefits. Most of our institutions have been able to work with and around the VA requirements enabling veterans to engage in independent study for part of their load while qualifying for full-time benefits.

The proposal of the Washington approval agency and state institutions to equate nontraditional and traditional instruction, for benefit purposes, is detailed later in this chapter.

A conflict arose over the approval of a private university law school whose degree program was recognized by the state board of education but not accredited by the American Bar Association.

...the VA advised us not to approve the program until the American Bar Association accredits it, since A.B.A. accreditation is needed in order for graduates to sit for the bar exam. Here then, we have veterans enrolled in a degree program accredited by the degree-granting authority of the State based on an evaluation which used the very standards that the A.B.A. uses, who are unable to receive benefits.

Conflicts have developed over the definition and approval of the branches and extensions of approved institutions:

Our greatest conflict is with the Board of Regents. They do not want anyone pointing a finger at the State University. They feel their expansion of branches and independent study is necessary....Even though they have expanded to the point where it doesn't make sense anymore.... 74 branches for less than 15,000 students is not rational. The V.A. and S.A.A. hold to a get tough policy as far as politics will reasonably let us go. So far we have won most of our arguments.

The New York State Education Department has taken issue with VA limitations on the approval of extension facilities, the "two year" and "85-15" rules, the "unsatisfactory progress" requirements, and the general thrust of P.L. 94-502 (1976) and implementing regulations. "The approval criteria and authority of the State Approving Agencies to evaluate and supervise programs of education remains constant," an Education Department report observed, "However, the authority of the States has been effectively modified by the Act making changes in the restrictions on the payments of VA benefits.... These restrictions should be removed and the role of the Federal and State governments in Veterans Education clarified." On the matter of branch facilities, the department stated:

The "two year rule" has now been applied to branches and extensions of public institutions located outside the taxing jurisdiction and to branches and extensions of independent institutions located beyond normal commuting distance. Both public and independent institutions will now be restricted on locations where they might offer programs to meet special education needs, even though state authorities had recognized and approved the need to develop a new extension or branch program. In effect, this rule substitutes rigid criteria of location and duration for State Approving Agency judgment of program quality as required under the law....The rule, although technically applying only to VA authority to approve enrollments, actually pre-empts the approval function of the State Approving Agency.¹³

In addition to this conflict between VA and the state over freedom to approve courses in extension facilities regardless of their location, a conflict can arise between private institutions and the states. Robert Gebhardtshaver, Registrar of George Washington University, argues that the use of state boundaries (the "taxing jurisdiction") to define the territory of public institutions discriminates against institutions in small jurisdictions or near state boundaries, and applying the two year rule to private institutional facilities outside a 55 mile radius unduly favors public institutions "located...centrally within large states." He favors granting all institutions a "'normal service area' of... 200 miles without regard to political boundaries."¹⁴

Whether the locus of policy conflict is between the approval agency and other state bodies or between the agency and the VA depends, of course, on where the primary loyalty of agency staff lies. Thus, two directors noted that, where conflict with state policy arose, "we have adhered to the Federal law and VA regulations"; and, "It is a veterans program not a labor or state program." Contrariwise, two others, who were among the leading protagonists of "states' rights" in the approval agency association, wrote, "We view ourselves as a state agency. State criteria, where it exists, is first applied....A program is not approvable where it cannot first meet any standards or requirements set by the state."

In the area of nontraditional education, where the assurance of quality is a state responsibility, we find ourselves in conflict with the Veterans Administration and not our state governing body. The same holds true in other areas where the Veterans Administration has encroached upon the approval function such as seat time and

standards of progress. We have encountered no conflict with our colleagues in higher education nor with the institutions we supervise. We have encountered considerable conflict with the VA in these areas.

It would be mistaken to give the impression that approval agencies are typically engaged in conflict with their state colleagues, still less with schools and firms. Quite the contrary. Cooperation is the rule. Agencies commonly rely on the work of other state education bodies and accept their licensing or program authorization for approval purposes, concentrating their investigative efforts on unaccredited private schools reviewed by no other state body or accrediting association. In some states, community colleges governed by a state board do not even apply directly for course approval. Rather, they submit their proposed programs and budget to the state board which, after authorizing them, transmits the list of programs to the agency which then prepares the notice of approval.

With the Regional Office

Six regional respondents said that their relations with approval agency staff were "poor"; 25, that they were "good" and 39, "very good." Again, approval agency directors had a happier view; of 60 respondents, only 4 said relations were "poor"; 15, that they were "good" and 41, "very good."

This too favorable picture glosses over tensions and dissatisfactions between the two staffs in a fair number of states. Precisely how many, we cannot say. Half may be too many, but the National Association of State Approving Agencies has been closely divided between "pro" and "anti" VA factions. One knowledgeable

director guessed that relations were bad in a quarter of the states, good in another quarter, and mixed in half. With incomplete evidence, we classified them as bad in at least eight states. Answers to our questions may have been more favorable than we believe the facts warrant because state directors' basic conflict is with the VA Central Office and, to an extent, with other regional staff than the educational liaison officer whose outlook and problems are similar to theirs. As one director wrote, "The State Approval Agency-Liaison relationship is excellent. Anytime we have a problem we call each other on the phone and arrive at a mutual resolve. Now if we could just get the Regional Director, adjudication, financial, and V.S.O. [Veterans Service Officer] out of the approval business we might have a fighting chance."

Attending approval agency meetings, talking with directors, and reading some of their documents, one would think that relations with the VA were strained. Granted, it is a family quarrel more striking to visitors than to family members long inured to it. One document, seeking to define the respective functions of VA and the states spoke of VA "encroachment" and "usurpation." VA has "regulated [relegated?] the State Approving Agency to the status of being a unit of the Veterans Administration....They are currently reviewing areas which are completely within the authority of the State Approving Agency....and are telling the State Approving Agency right and left which direction the State Approving Agencies are to go....this outrage...." (etc.).¹⁵ Allowing for rhetorical flourishes, this does not sound as if relations with the VA were "very good."

The reasons are plain from the different suggestions which

regional and state respondents offered to improve relations. The former want VA to provide more direction, guidance, and instruction to state agencies so that they can prepare more complete and accurate approvals. The latter want to reduce VA "interference," its "obsession" with paperwork and with the "letter" of the law; they want a clearer separation of functions which would leave them fully responsible for the conduct of approvals without interference, questioning, or rejection by the VA.

The prerogative of the Veterans Administration and their practice of withholding payment of benefits...in spite of State approval must be restudied and somehow curtailed....When the Veterans Administration receives the...approval package it should be assumed that the State has declared an approved program of education. At that point, payment of benefits should start and any argument over the approval package should follow.

....The approval package should be reduced and the Veterans Administration should be required to rely on the State Approving Agency adherence to Title 38 for veracity of decision and the authenticity of the many details involved....¹⁶

VA wants the state agencies to provide meticulous and complete approvals with a vast armamentarium of administrative details and to ensure that when a school slips up, the agency brings it back into full compliance. The agencies want to conduct approvals and school supervision independently and flexibly, working out individual arrangements with the schools and the regional office, to meet local needs and circumstances.

These represent conflicts in power, responsibility, and in the basic conception of approvals, which can be resolved only (if at all) by realistic discussion and agreement. Many agency heads think that VA has exceeded its Congressional authority and that the Congress is on their side. (It has even been proposed that a joint committee of the House and Senate contract directly with a committee of the

National Association of State Approving Agencies to establish the agencies' independence of the VA.) We believe they are wrong and that the key Congressmen and their staffs basically agree with what VA has sought to accomplish, though they may be dissatisfied (who is not?) with some of the results.

Given a common understanding of the basic functions of the states and regional offices, the methods of implementing them are straightforward and were agreed upon by both sides. These include: more joint training, especially for new staff and new regulations; a better procedure to resolve differences in the interpretation of regulations; better and more informal communications by phone, messenger, and the exchange of personnel; the provision of work space in the regional office for state agency staff and vice versa; clear, comprehensive, and current inventories of regulations and circulars; the provision of manuals, checklists, and model approval forms.

The signs of agreement and disagreement are readily visible in visits to different (and, sometimes, the same) states. Where relations are difficult, each side tries to ease its own work and add to the other's. The state will send its approval notice to the institution at the same time as to the regional office. It may process an incomplete approval notice, forcing regional staff to dig the information out of the catalog or get it from the school. The regional office may return a third, half, or more approvals and remain dissatisfied with the second version. As schools and veterans complain about the delay, one or the other side has to give way. Each stands on its rights, seeks a favorable ruling

from headquarters, and blames the other for what is wrong.¹⁷ Communications are in writing, for self-protection and coolness. "We're the only state," one agency director said, "where they [the regional office] send me a letter if there is less than a 50 percent completion rate in a course: 'Please investigate.' I can't do it. I haven't got the time." They ask "picayune questions," another director complained. "We try to be helpful [to schools]. They try to detect violations. The VA is paranoid." Regional staff call state staff "file clerks." They are "very touchy," a regional officer remarked. "We can't 'approve' anything. But we don't have to accept their approval. We have the control." In such a tense atmosphere, personal contact is avoided and may not go well. "It was unbelievable. I was almost thrown out of....[a high window] by the regional director," an agency head recalled. (However, we inspected the windows and they were safely sealed.)

Things go better with mutual respect and good working relations. Phone calls and meetings replace letters. The work is shared instead of being shoved back and forth, and whoever is better placed to do a particular job does it, without insisting on the letter of the contract or regulation. Each shares information on school, state, headquarters, and regional developments and is frank about their internal office problems, so that they can jointly decide the best way to proceed. Whoever can better take the political heat on a tough decision (such as breaking state policy to observe VA policy or suspending an approval or benefits) agrees to take it. The state agency will hold approval notices in a "pending" file until the regional office signs off on them. Working smoothly together,

efficient procedures are developed for processing approvals and coping with school "deficiencies"--until the regional director receives a directive to enforce a given regulation, the Inspector General determines that the state agency has been overpaid, or the regional education officer or agency director changes, things begin to fall apart and the process of putting them together has to start again.

Do Approvals Assure Good Courses?

To the question, "Does the approval process now assure that veterans take only serious courses of good quality?" 76 percent of approval agency but only 28 percent of regional respondents replied "yes."¹⁸ Whether this be read as a judgment of the approval process or of the optimism or realism of our respondents, the contrast is striking.

Regional Realists

The few optimists among regional officials felt that the approval process weeded out many poor courses and provided veterans with honest and useful education and training. Working together, the state and the VA effectively administered the law and regulations and accomplished all that could reasonably be expected.

Some of the more numerous pessimists or realists, as the case may be, agreed that state and especially VA staff were doing a decent job. Still, they could not ensure that veterans--"no more or less than the general school population"--took only good and serious courses. That was "an impossible dream." Who can compel a veteran to be serious if he is not, if he sees the GI Bill "as a source of income rather than a means of acquiring an education"? "Unfortunately, some veterans attend-

ing low quality schools view the receipt of VA educational assistance as an alternative to employment and do not complain about poor instruction, inflated grade averages and non-punitive grading procedures."

Nontraditional approaches were hurting educational quality; many institutions offered inadequate counselling and testing and were lax in certifying veterans for "excessively exploratory type courses" and unnecessary electives. An Associate of General Studies Degree in which 41 of the required 60 credits "may be satisfied by community service course electives" was hardly a model of serious, quality education, nor were community colleges which "utilize a grading system equated to the slowest learner." How could veterans take only serious courses when so many flight and correspondence courses were avocational?

To be sure, one person's "quality" education was another's poison. The judgment of educational quality was subjective; no objective, workable national criteria could be devised "to insure [that] only 'quality' programs are approved." "So much depends on the integrity of the instructor, the philosophy of the school, and the real intent of the individual veteran. An instructor or school or veteran primarily interested in money but saying he is interested in a skill or knowledge can work the system to his own advantage, at least for a period of time...."

Some VA regulations such as those on job training programs, were too vague, so that the regional office had to accept approved programs "which we know have little, if any, value towards future employability." Most regulations, like the two-year rule, the 85:15 ratio of students with: to those without federal aid, or the 50 percent employment requirement, addressed real abuses; but "many schools have found ways of circumventing" them. Ultimately, the regulations dealt with administrative

factors, not educational quality. "All the statutory requirements are administrative in nature. Seriousness and quality are left to SAA discretion, but they have no power to deny a course that meets all the administrative requirements unless they can build an incredible case against it." "Approval criteria...did not give the SAA or VA any machinery to control the quality of approved courses." The most that could be claimed for an approved facility was that it met minimum, not quality standards.

Most governmental agencies adopt a "buyer beware" attitude to courses.... Consequently, a course may meet the minimum requirements of the Law and still not be of sufficient quality and depth to insure successful pursuit and success. Many vocational schools' entrance requirements contain the dubious statement "high school graduation or equivalent required for admission". No entrance testing is required, except for the ability to make the down payment.

The state approval agency "gives virtually no consideration to the quality of training or the overall worth of programs." It emphasized the quantity, not quality of approvals; many questionable courses were approved simply because the sponsoring institution had been operating for a long time. The agency "will approve any course...it feels VA will accept." Occasionally, veterans complained that accredited and approved courses and schools "are worthless...[and] that we should do more to protect them from poor schools." The approval agency was not thorough; it did not conduct an adequate investigation before approving a new school. Staff of one agency "fail to apply the letter of the law....probably due to the fact that their staffing level is dependent largely upon the number of new approvals." Another agency has improperly approved vocational courses, cooperative courses, and branch extensions in violation of law and regulation, and "has been reluctant to withdraw or suspend a school's approval" when warranted. "We believe these problems have resulted be-

cause this SAA...does not agree with certain laws and VA regulations." In one state, "shortcomings" in adult education, beauty schools, and job training programs were attributed to the "political climate in this state which historically capitalizes on every opportunity to engender patronage and virtually solicit support in exchange for services...." State agencies and the VA had insufficient funds, personnel, time, or expertise to judge quality. "If the VA and SAA do not have the experts to determine quality of training, how can quality...be assured[?]"

State Optimists

As a group, agency directors were positively sanguine about the approval process' assuring "serious courses of good quality," as if any other opinion would acknowledge some failure in their performance. However, many answers were so brief--three directors merely said "yes"--they could only be counted, not interpreted. In general, the longer, more thoughtful comments made more modest claims for the approval process and reflected the same awareness of its limitations that was evident in the responses of VA officials.

A number of directors were Panglossian. "...present laws, as well as constant and intense monitoring of courses provides veterans with educational opportunities at the best possible level." Serious and good courses were assured "beyond any doubt" and "[i]n nearly all cases." "We do like to think so." "This [question] is a ridiculous statement. This SAA never did approved [sic] any courses unrelated to the objective and proper quality."

A large number affirmed the good quality of most approved courses more temperately or with qualifications and exceptions. Thus, approvals provided "reasonable assurance" of good courses; "by and large," "on

paper"; approved programs operated "at basic levels of quality"; the approval process "gives reasonable assurance that veterans receive adequate training as intended by the current legislation."

Several directors rejected the question as unanswerable, because the idea of "quality" was indefinable or, at any rate, undefined. "Quality is in the eyes of the beholder." "High admissions and scholastic standards can be interpreted as elitist and discriminatory toward minorities...." "If you would define what a serious course of good quality is supposed to be, I would make an honest attempt to answer the question." "Until 'good quality' is identified and objective measurement developed, it is just another thing that everybody talks about but cannot do anything about."

While agency directors differed about the net outcome or precisely how it should be summarized--that most approved courses were of good quality, of at least minimal quality, or that significant numbers were of low quality--they agreed that approval agencies were only one of many forces seeking to maintain educational standards. Accrediting associations, state education boards and licensing bodies, the institutions themselves, the VA, and (for apprenticeship programs) the Department of Labor all played their part. To some, their own standard setting role was important, especially in vocational programs. "...vocational programs...are reviewed and recommended for approval by our Vocational Division staff possessing expertise in their areas of responsibility." To others, their role was less important, since they relied heavily on accrediting associations and other state bodies and, indeed, set standards only for schools not covered by these bodies. "The approval process...relies heavily on the state licensing board...." Where "the regulatory and policy making boards in the

state...deem a program as adequate or acceptable for the citizens of the state, we also approve. Where no such board exists, we devise a review which follows accepted practices of boards for similar...programs."

...the state approving agencies do not bear the entire responsibility for assuring quality in approved programs. For those institutions which are accredited, both the accrediting commission and the institutions themselves also bear responsibility for developing and maintaining programs of good quality. In registered apprenticeship programs, the Department of Labor is directly involved with the issue of quality....It is really only in unaccredited school courses, unregistered apprenticeship programs, and programs of on-the-job training where the issue of quality arises as part of our role in the approval process.

Some VA rules compelled approval agencies to lower their standards. This was plainly the case in apprenticeship programs, where many veterans received lower quality training than nonveterans, because VA insisted that agencies reject the higher Department of Labor standards.¹⁹

...we cannot use either our or the Sec. of Labor's regulations concerning the criteria necessary to establish a solid, complete, well rounded apprenticeship program. Now we cannot use area wage standards, area or trade training standards or other recognizable apprenticeship criteria when establishing an apprenticeship program. This tends to fragment training and provides the veteran with less than adequate training....[it] is a crime.

The heavy burden of regulations discouraged the participation of good schools but not poor ones, which would do anything necessary to enroll veterans.

...the quality schools do not want all the bureaucratic red tape...that is involved with approval to train veterans, these schools have more than enough students. The lesser quality schools need approval to train veterans and will comply with all the cumbersome approval red tape and paperwork....[Hence, veterans are left with] a very narrow choice of schools; usually, those of lower quality....

By refusing to permit the approval of most continuing education, mid-career, or "refresher" programs (as being excluded from the intent of the law, since veterans are already qualified to practice in the pertinent profession or occupation) VA denied veterans access to good quality education:

...in this state there are many fields in which continued education is required to retain qualified status. Fields such as real estate, law, CPA, teaching, radiologic technology, and other medical fields...now require continued schooling for the individual to remain qualified....Thus far, the Veterans Administration allows payment only for requalification of teachers, taking the attitude that others have completed their training.

A similar argument was made, in our interviews, with respect to non-traditional education: that by denying equal benefits for work experience and other nontraditional courses, VA effectively discouraged veterans from receiving education which many authorities regarded as of higher quality than that offered in traditional classroom settings.

Unlike the stout or glib claims of quality assurance cited earlier, several directors made modest assessments of what the approval process could and could not accomplish.

The approval process can only insure that minimum standards are being met in accordance with law and regulations. While we can insure that no institution is allowed to be as poor as it wants to be...there is no way to insure that every institution is as excellent as we would like it to be....We feel very strongly that our mandate is not merely to single out regulatory oversights but to assist schools....But we have yet to find a formula...that will insure consistent good quality education.

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We deal with courses which have an identified vocational objective. Recognizing that there is an exception to every rule, we believe that our approved courses lead to qualifications for entry-level jobs....One must always keep in mind the diversity of programs for which approval is requested and the fallibility of human effort and judgment....There are good programs available, but nothing can assure that students will take them seriously.

No process could ensure the seriousness of all veterans. "Many... want to make a color T.V. which they can keep or drive a big truck or front end loader." "...some retired servicemen take vocational courses for hobby purposes and never intend to practice the occupation."

Neither the SAA nor any other educational agency can "look inside" a veteran's head to see if he really is a serious student or if he is enrolled in school for the purpose of "cashing in" on his educational benefits. Many of the complaints I receive from veterans have to do with standards of progress. They seem to feel they have a right to their

monthly VA check and the school is infringing upon this right when reporting unsatisfactory progress.

Discussion

The critical outlook of regional staff and the defensive posture of many staff directors is clear. Each tends to point a finger of blame at the other, and each rightly has something to point to. They would do better to agree upon what, acting together, it is practicable for them to do to identify and eliminate poor quality programs and (this is more difficult) to sustain or improve good ones. After all, VA and the states together had about 1,000 professional and clerical staff, or 20 per state, working on course approvals and school compliance, and there is a limit to what 20 persons--be they policemen, inspectors, accountants, accreditors, or educators--can accomplish.

Those who asked for a definition of "quality" are, of course, right; that is necessary to determine what, if any, are the quality objectives of the approval process and the degree to which they can be attained. The word "quality" occurs less often in the law than in the conversation of VA officials. One key use is in the passage stating that courses may be approved under Sec. 1775 if accredited by an association "which the Commissioner [of Education] determines to be reliable authority as to the quality of training offered...." But the addition of Sec. 1776 for un-accredited courses establishes that Congress did not wish to confine approvals to courses meeting the quality standards of associations recognized by the Commissioner, and the specification in P.L. 94-502 (1976) of further criteria for the approval of accredited courses indicates a degree of Congressional dissatisfaction with the adequacy or enforcement of those standards, for the purposes of GI educational benefits. However, the twenty-six provisions of Sec. 1776, which represent the

fullest elaboration of the standards Congress set for approvable courses, make only two references to "quality." To approve unaccredited courses, the state agency must find that:

(1) The courses, curriculum, and instruction are consistent in quality, content, and length with similar courses in public schools and other private schools in the State, with recognized accepted standards.

(2) There is in the institution adequate space, equipment, instructional material, and instructor personnel to provide training of good quality.

The test of consistency or comparability with "similar" courses in the state (not region or nation) seemingly rejects the principle of national standards. The geographic scope of "recognized accepted standards" is unspecified but must extend beyond the state boundary at least for courses that are unique to the state but not the nation. Accrediting association standards acceptable under Sec. 1775 are either regional or national in scope; and Secs. 1775 and 1776 include both criteria which are uniform or national (e.g., "The institution complies with all...Federal regulations") and distinctive to the state or locality. In short, with respect to the geographic scope of course standards, Congress, as is its wont, has taken a variety of positions which strike us as at least partially contradictory.

Most of the standards enumerated in the law deal with physical, legal, financial, and administrative aspects of education: with names, dates, times, dollars, numbers, records, catalogs, written policies and practices which can be read, copied, noted, and filed. Though some, such as the qualifications of instructors, financial soundness, and a reasonable student:teacher ratio, may be related to the quality of education, the

law does not dwell on direct judgment of quality or, except for the instances cited, use the word.

That is prudent and wise. To draw an invidious quality distinction between two classes of individuals or schools, making one eligible and the other ineligible for government funds on grounds of "quality," is to invite technical criticism, political pressure, and court suits. Quality judgments are inherently subjective and judgmental, and when they are made by government agencies, as in the award of a contract to one of several competing proposals, the ultimate grounds of judgment are often hidden in merciful confidentiality. Whatever else may be said about accrediting associations, their distinctive virtue is that, as private bodies, they are free to make a quality judgment which is difficult or impossible for government officials.

Hence it is only to be expected and (regardless of the criticism of frustrated VA officials) not surprising to find that approval agencies are concerned primarily with administrative criteria and not with judgments of quality. To say "This course or school is denied approval because it is of poor quality" is impolitic and perhaps illegal; whereas to deny approval because a school does not maintain given records, facilities, or policies specified in law and regulation, is defensible in administrative practice and, if necessary, in court.

Improving the Approval Process

We asked agency directors their suggestions for improving the approval process. Fifty offered one or more suggestions; eight offered none, often with the comment that the current process was quite satisfactory. "I believe our organization [the National Association of State Approving Agencies] and the VA do a pretty good job in following the in-

tent of Congress....We complain and fuss a great deal, but...that's more a function of how seriously we take our jobs, rather than a reflexion of serious differences in viewpoint." Would that all of that were true.

Perhaps the most frequent and forceful suggestion, expressed in half a dozen ways, was for less VA intervention in, interference with, and overriding of state responsibilities. VA should obey the law (as the agency director interprets it) and accept state approvals, not review, question, and override them. "...SAA's are in the approval process only to the extent that the Veterans Administration agrees with the resultant approval....where there is a conflict, the SAA has no authority and can be over-ridden, usually by the VA central office."

The primary, overall, problem involving the approval process is the ability of the Veterans Administration to override, negate, and/or postpone indefinitely any approval action made by the State Approving Agency....The primary...and most helpful suggestion for improvement would be to eliminate the Veterans Administration's influence in the matter....

Greater freedom to hire consultants, one director said, would help to broaden staff competence.

At the present time, consultants can only be hired by a formal subcontract with each consultant, which has been approved in advance by the V.A. Central Office. The process is unnecessarily cumbersome, especially when one considers that the honorarium for the consultant's work would seldom exceed \$200.

No state approving agency can be large enough to have all the necessary expertise on its staff to perform competent program reviews in the many curriculum areas that exist. We presently hire consultants at state expense for some of the schools, but are unable to get reimbursement from the V.A. because time does not permit us to get advance approval of a subcontract.

Improvement in the speed and quality of approvals could be achieved by: eliminating misguided and tedious approval requirements; clarifying and eliminating duplication in the functions of regional offices and state agencies; improving regional office operations; a general review, redrafting, clarification, simplification, and codification of statutory and

regulatory requirements; better consultation and collaboration between VA and the states, and the provision of more information and training. Let us discuss each of these suggestions in turn.

Reducing the Workload

The most frequent suggestion for reducing the workload was to drop the 50 percent employment survey; it was "unworkable and meaningless," one of several "meaningless exercises." An employment criterion or at least employment information might remain useful, but there should be a simpler way to administer it, perhaps by utilizing a school's placement records. The equal employment opportunity compliance form required of vocational schools and job establishments should also be dropped, or the separate forms required by several federal agencies should be consolidated. The need for the two-year rule should be reconsidered; one director felt that nine months previous operation would suffice. The identification of, and visits to, many instructional sites of accredited institutions seemed unnecessary. "I do not believe that the...[VA Central Office] intends for the SAA to visit every elementary school building, high school, and library where approved institutions offer a course (i.e., unit subject). Since we approve programs, visiting each instructional site seems pointless and wasteful of resources." The seat-time rule, standards of conduct, and "unneeded cumbersome catalog requirements" were other candidates for rescission. A reduction might also be made in the number of supervisory visits which were required (especially at vocational schools) and in the number of visits to promote job training programs.

Clarifying VA and State Functions

"The roles and responsibilities of the VA and the SAA should be delineated to prevent the VA from pushing off their responsibilities onto

the SAA's." Plainly, many approval criteria have been added to assist VA to calculate and recalculate benefits accurately and to start and terminate payments promptly. These are important duties, but are they basically approval functions which the state should conduct or benefit functions, which VA should undertake directly with each school? Whatever the original purpose of approvals may have been--to identify good courses or, more likely, to eliminate dubious, bogus, or fraudulent schools and courses--it has since been heavily overlain with attention to student presence or absence, progress or immobility, and the determination of what (in the judgment of Congress and the VA, not the school) constitutes full, three-quarter, or half-time study. The school's maintenance of records and policies that enable VA to make these determinations has become an important condition of its approval, and the correction of any defects in these records, a laborious task of approval agencies. They have neither rejected this task nor accomplished it to the VA's satisfaction. Any reexamination and clarification of the functions of the regional offices and the states and their willingness, ability, and resources to discharge them, should certainly consider this important set of "benefit" criteria.

The states must be given the unquestioned authority of approval of educational programs...and the states must be given sufficient Congressional backing in Title 38 to make their approvals stick in spite of Veterans Administration intervention. The line should be clearly drawn in Title 38 assigning the responsibility for quality education and program approval to the states and the responsibility for basic veteran entitlement and the accompanying payment of money with the Veterans Administration.

Many agency heads say that the law is clear and that VA oversteps its authority in second-guessing their approvals; they say the same thing in their periodic meetings with the staff of the Senate and House Veterans Affairs Committees (as if the staff did not know the laws they helped to

write, or know and endorse most VA policies). They read the law too selectively. Like many other statutes, Title 38 contains many compromises and contradictions, passages affirming and limiting the independence of the states and educational institutions. The power of the purse and the contract is all the authority VA needs over any institution or agency which wants that money badly (not all do).

As one agency director saw it, the states themselves were partially responsible for the growth of VA authority:

...the SAA's encouraged the VA to develop regulations to assist the States [to] regulate programs in areas in which the States were lacking in State laws and regulations. However, in some instances new VA regulations causes more problems than were solved. Also, Federal control gives the States cause not to develop their own regulatory measures.

Rivalling the wish that VA leave the states alone was the wish for more money and staff to handle the great--"200% or more"--increase in workload in recent years. Regional compliance staff had increased markedly and had generated much additional work for the approval agency, as deficiencies involving approval criteria were referred to it for correction, whereas agency budgets and staffs had decreased. Additional staff were badly needed if the agencies were to do their job properly. Some agencies employ retired persons and consultants who operate from their homes scattered across the state, thus economizing both on salaries and travel costs.

Regional office compliance surveys and state supervisory visits often duplicated one another; their functions should be clarified, "a cost effective analysis of each" should be conducted, and needless duplication eliminated.

Approval agency heads were less than explicit, but if we have read correctly between the lines, faced with a choice, they would prefer to concentrate on approvals and turn over the supervisory function to regional

office staff, who are already undertaking 95 percent of it in their searching compliance surveys. (The main obstacle would be the extent to which supervisory visits enter into the formula governing the size of the agency contract.) State agencies often ally themselves with local colleges and schools--as many regional staff complained; they are not disposed, and may lack the power, to discipline them for failing to cross every "t" and dot every "i" in the approval criteria. Some agency heads, at least, would gladly delegate that chore to the VA."

The principle of concentrating on approvals and downplaying supervisory visits has been carried to its logical conclusion in North Carolina, as Gilmore Johnson, Director of Veterans Education in the state explained:

...we have implemented an annual "re-approval" process which involves complete revision of the approval criteria each year....One of our staff professionals visits the school and reviews the entire packet with top officials...a one or two day process--advising and consultation is given to bring the institution up-to-date on requirements and to ensure that a system of reporting operates which is sufficient to generate the information for accurate and timely certifications to the Veterans Administration. This plan is more effective than two or more "supervisory" visits a year which are not deep enough or broad enough to ensure complete approval compliance....

I recommend the annual re-approval approach as opposed to short supervisory visits two or more times a year. The State Approving Agencies have in many instances lost sight of their statutory function as an approving agency and have become supervising agencies as evidenced by short, shallow supervisory visits...where they deal with only lower level officials. By contrast our re-approval process is in depth and involves officials at all levels.²⁰

Duplication could also be reduced by developing a single graduate employment form and one for minority students, instead of the separate forms which schools must now complete for different federal agencies. The director of a Western approval agency hoped that the eligibility requirements for all federal educational programs could be standardized. Many schools would share that hope, which seems more practicable from a distance than it does in Washington, D.C.

In seeking to concentrate on approvals, a number of agency directors have in mind a process in which the criteria and procedures for veterans course approvals would be integrated with those employed in the normal process (discussed in Chapter 5 on The State Context) by which their own or another state agency authorizes new degree or non-degree programs, usually in concert with representatives of public and private institutions.

Allow the state to establish criteria for approval within minimum standards established by Title 38. These minimal standards should be established by the Higher Education Councils and not government.

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In our view, the approval process should first establish the criteria by which the state will recognize a program of instruction as being sufficient for the citizens of the state and their expectations. Where legal authority or policy making bodies do not assume this function, it can be done with...representatives of the affected schools, experts in the field, and others from the educational community....[The SAA] can then work with the schools to further refine their policies, practices, and procedures to assure proper certification information to the Veterans Administration.

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...VA approval should be integrated with the other activities of the state in coordinating and regulating postsecondary education, as described in section 1202 of the Education Amendments of 1972 and in various state laws. We are working to maximize the complementarity between the approval function and the planning and coordinating activities of our agency. The information being gathered to coordinate off-campus instructional activities in general will serve the VA approval function. The list of approved programs derived from our approval activities will serve our planning and coordinating functions. The legislation which would regulate nonaccredited institutions is drafted to assign state oversight to those agencies which currently conduct VA approval.

Improving Regional Office Operations

Agency heads had a number of suggestions for improving regional office operations, some offered in a hostile tone and some, with sympathy and understanding.

Among the former was the suggestion that "VA representatives...verify in writing any rulings given directly to a training establishment or school"; that the law and contract be carefully observed, meaning, presum-

ably, that the state not be asked to do anything that is not spelled out in writing and agreed to. The request to "put it in writing" is all too often a sign of poor working relations and the ascendance of form over substance. And, when it is in writing, the request can still (in the agency director's view) be unreasonable and responsible for unnecessary delays.

One agency head wrote of how desperately understaffed his regional liaison officer was:

The overload placed on the R.O. [regional office] by the compliance function is unreal in our state. The liaison function has not made any calls, in some areas, for as much as three years. Therefore, it places an undue hardship on S.A.A., because we are not only approving but training the business [establishment] how to fill out all its forms. And, no way do we know all facets of V.A. forms.

Our liaison representative has been working short handed for over three years. There is no way that they will ever catch up. They have been putting out fires. If you put the total load on those several people they are going to break. Somewhere there has to be developed a reasonableness of operation.

Under such conditions, it is not surprising if (as noted in Chapter 4 on VA Regional Offices) the liaison officer changes frequently, unsettling relations with the approval agency. "With each change of Liaison Representatives, there is a new approval process even though the regulations have not changed." (Nonetheless, when relations with the liaison officer are bad, a change of officer may be welcomed.)

One director saw a need for better communication within the regional office between the educational liaison officer, adjudication, and compliance survey staff. Another sought greater consistency in the regional interpretation of regulations and a clear designation of the official responsible for interpreting them, as the liaison officer, veteran's service officer, and regional director were variously involved. What was needed above all, was "Some educational competence and/or experience...[from the] Central

Office down, but certainly in the Liaison Section of the...Regional Office."

While there was no agreement on the issue, regional (and, of course, state) flexibility in approval procedures and the interpretation of regulations was evidently preferred to national uniformity. (A contrary position was voiced by one director at odds with his regional office.) "The VA cannot establish uniform procedures nationwide." (Perhaps not, but it sure can try and other directors favored the attempt.) Allowance should be made for regional and state differences; and headquarters should not impose binding opinions on regional offices before the policy involved had been considered and adopted nationally. "Eliminate the current practice of making precedent-setting interpretations from Central Office for individual Regional Offices prior to review and dissemination of such interpretations nationwide to all Regional Offices and SAAs."

If this presentation is confusing, so were directors' views. We believe that agency directors, like regional office and school officials, held basically contradictory views on the desirability of national uniformity or local variability. To an extent, their views may be reconciled by common, but broad national policies affording an opportunity for diverse regional and local implementation; and to an extent, the views remain contradictory.

Simplifying and Codifying Approval Criteria

Like many regional staff, many agency directors favored a review, revision, clarification, and simplification of approval rules and practices, starting with the statute and proceeding through the voluminous and cumbersome inventory of regulations, circulars, forms, and procedures.

"Title 38 is poorly written throughout." It should be rewritten and made "current with proven contemporary educational practice." "Wipe out

all VAR's [VA Regulations], PG's [Program Guides], M 22 [the education manual], and Title 38, and start fresh with a sincere effort to assist the veteran." One director suggested that Sec. 1775 be dropped and a single revised set of approval criteria be prepared for all institutions, accredited or not. (Separate criteria would surely be necessary for collegiate, vocational, flight, correspondence, and on-the-job programs.) The criteria should be clear, practicable, and specific:

My first and foremost suggestion for improving the approval process would be to have the approval regulation[s] re-written in a more definitive manner. Words or phrases such as adequate, prompt, customarily, appropriate credit, good quality and financially sound should not be used or if used...should be defined....

(There is an evident conflict between the wish for simplicity and for specificity; and again, between the wish for uniformity, which can only be achieved by a high order of generality, and for specificity.)

Regulations and guidelines should be clear, standardized, and issued in a well-organized, comprehensive, readily accessible format with convenient tables, tabs, indices, and references to the pertinent statutory provisions:

At the last [October 1978] VA/SAA workshop in Silver Spring, Maryland, it was our understanding that the VACO [VA Central Office] would be publishing a standardized set of guidelines covering the approval processes for all educational programs.

To date, we have heard nothing further on this subject. Our SAA believe that such guidelines would be extremely beneficial--particularly in the training of new SAA personnel. Hopefully, these guidelines would also include reference tables reflecting the specific Public Laws, VA Regulations, Circulars, Bulletins, etc. for each individual or type of educational program. The VARO [VA regional office] educational liaison staff also share our views on the need for this type of a standardized approval process guideline.

Circulars should be clear, without "confusing terminology"; approval forms and notices should be simplified and completed samples.

provided. Separate compilations of regulations and circulars should be prepared for use by state agencies and the schools:

...much can be done to simplify the regulations, circulars, program guides and forms that are prepared by the VA. Our schools in particular experience difficulty in keeping up with changes in regulations and procedures. There is not a good system for assisting newly approved schools in getting a set of VA regulations and circulars for their use. We estimate that 90 percent of the material sent to schools by the VA by way of regulation changes and...circulars is not directly related to the activity of the school. We propose the following suggestions:

a. Develop an index by subject that will list all applicable regulations, circulars, program guides, and Education Procedures Manual...references.

b. Develop a simplified set of regulations that would apply to schools only and have them readily available to distribute to newly approved schools.

c. When changes are made to...circulars, retype the entire circular and send it out instead of always using the pen-and-ink change system. The pen-and-ink changes usually do not get made and are often so long that it makes the original circular difficult to interpret.

d. We believe that regulations and circulars can be made more simple in their wording.

e. Publish a list of circulars and program guides that are still in effect on at least an annual basis.

f. Simplify VA forms.

The revised regulations, guidelines, forms, and other materials should be prepared in consultation with the approval agencies, regional offices, and schools. And it would be useful to have "A 'cooling off' period of at least two...years in which the Veterans' Administration does not issue any new [educational] regulations...."

Among specific criteria suggested were the adoption of the same refund policy for all vocational schools. Means should be found to simplify the approval and supervision of small institutions, which can now be as time consuming as at large institutions, or the per-veteran cost can become unreasonably high. "Nontraditional programs," which are "fast be-

coming traditional," should be recognized and accommodated. "VA should consider a rational definition of standard instruction that does not depend upon the mode of instruction and should scrap the seat-time rule."

The Veterans Program Administrators of the state of Washington and Keith Pailthorp of the Washington state approval agency for higher educational institutions have prepared a proposal for resolving the troublesome problems of identifying, approving, and assessing courses not conducted in a normal classroom setting. They noted that "many programs of rigorous instruction" did not qualify for full benefits under current VA regulations and recommended that all methods of instruction should receive "full parity" with classroom instruction where a written agreement between students and regular full-time faculty at an accredited institution specifies:

- (1) The duration of the contract.
- (2) The nature and scope of the project to be performed.
- (3) The product(s) expected of the project.
- (4) The number of credit hours to be awarded for completion of the project.
- (5) The expectation of effort consistent with the standard of involvement (i.e., 30 hours for each quarter credit hour...).
- (6) The schedule and nature of the contact between the faculty and the student(s).
- (7) The nature of the evaluation to be made of the project.²¹

Were some such criteria accepted, they would presumably be made a matter of record which approval and compliance staff could examine, and the need to identify and approve separately independent study and other nontraditional educational formats would be obviated.

Consultation, Information, and Training

Like regional office staff, agency heads wanted to be consulted and involved in the preparation of rules they must later implement and guidelines and forms they must later use. There should be more collaboration between the states, regional, and headquarters staff in the prior "testing

and working out of problems related to proposed regulations." A committee of state agency representatives should review "all proposed VA regulations and circulars....Meaningful input to these regulations and circulars by the states is long overdue." An agency representative should also be appointed a member of the Administrator's Education and Rehabilitation Advisory Committee.

The states should expediently be provided "with interpretation of laws, regulations, and other policies," which should be distributed to all agencies. The lag between the issuance of circulars (which need not go through a prescribed process of initial publication in the Federal Register and comment, but are binding only on VA staff) and regulations should be reduced, and more realistic dates should be set for their implementation by states and schools.

VA should provide agencies with more and better statistics and other education program information. To do so, an effective management reporting and control system should be developed, with computerized, uniform course approval information.

A standardized training program should be instituted at the state level, so that "VA and SAA staffs are in fact trained to accomplish their jobs as professionals." The National Association of State Approving Agencies should take a more active part in such training and in improving approval standards.

Is The Approval Process Impossible?

"Is it possible or impossible for your agency to do everything that is expected of it, with current resources? If 'impossible,' which activities should be emphasized and which should be reduced?"

Ever optimistic, 13 agency directors replied "possible"; 15,

"possible" but the quality of the work has suffered and serious difficulties were anticipated, or possible to do what the contract calls for but not what VA demands; 25, "impossible." Approval and supervisory visits should be emphasized. Activities which should be reduced or eliminated included referrals of school deficiencies following compliance surveys, the graduate placement survey, the monthly statistical report to VA, and visits to school branches and extension facilities.

"The problem we have is insurmountable," one approval agency head lamented. "It is impossible for us to stay on top of everything," a regional liaison officer said. And a man who knows Congressional veteran affairs as few others do said (reflecting Congressional concern with fraud and abuse), "It is an impossible job....I don't believe any device, not the CIA, the FBI, and the KGB together, could really do the job."

Of course the approval process is possible. It has functioned for almost three decades more, or less, adequately. But it is patently impossible if the objective of each approval is to certify that every course, school, and job establishment meets every provision of every law and regulation. The approval process is overburdened; too much is demanded of too few staff; and since this is not a propitious time to increase markedly the number of government staff and the intensity of government regulation, the only sensible alternative is to decrease the burden: to ask less of staff and, of course, of the schools. The less that is asked, the more reasonable it is to expect it to be done. An ideal approval system should establish few criteria and ensure that they are fully

met. The more criteria, the more difficult it becomes punctiliously to enforce and observe every one. An ideal system is unlikely in this imperfect world, but one more reasonably proportioned to the resources available for its administration should be realizable.

Footnotes

1. Marvin P. Busbee, "Supervisory Visits, Reporting of Supervisory Visits," VA/SAA Workshop, Silver Spring, Maryland, October 25-27, 1978, p. 3.

2. Department of Veterans Benefits, Circular 22-78-5, June 19, 1978.

3. Marvin P. Busbee, ibid.

4. VA Regulation 14259.

5. The technical requirement is that 80 percent of students take six months or longer to complete the course. One educational liaison officer bemoaned the loss of "a very good" waste water treatment operator correspondence course offered by the state university engineering school. Approval was withdrawn because only 78 percent of students took six months or longer to graduate. The school encouraged students to complete the course quickly, since 93 percent got jobs at treatment plants built with Environmental Protection Agency funds, and only communities with staff qualified to operate the plant could receive the funds.

6. Comments by John Rowsey, VA Central Office, October 26, 1978 meeting, Silver Spring, Maryland.

7. Janice Boyd, director, Texas approval agency, Silver Spring meeting.

8. "Survey of Employment Following Training in Vocational Courses," Department of Veterans Benefits Circular, May 12, 1975.

9. For example, forms likely to show that a student is not employed in a related field can be conveniently lost or mailed to a wrong address. The definition of employment in a related field presents serious difficulties. "...half of my law school graduation class is not practicing law or doing legal work," a lawyer commented. "They are in business. Now, is that 'placement' or not?" Some flight schools are said to have hired graduates during weekends to achieve a 50 percent placement rate (full-time employment was not required). A regional director remarked, "The state approval agency is supposed to validate the 50 percent survey. Sometimes they do it themselves for the school, and we find it is wrong."

10. Albert B. DiStefano, "The National Association of State Approving Agencies 50% Employment Survey Report," National Association of State Approving Agencies Newsletter, Nov. 20, 1978, pp. 18-19.

11. Study of Vocational Objective Programs Approved for the Enrollment of Veterans, A report prepared by the Veterans Administration, Submitted to the Committee on Veterans' Affairs, U.S. Senate, July 22, 1978, pp. 4, 30.

12. Paul S. Smelser, A Brief History, National Association of State Approving Agencies, June 1977.

13. Federal Legislation and Education in New York State, The University of the State of New York, The State Education Department, Albany, February 1977, pp. 85-92.

14. January 5, 1979 letter to Harold Orlans.

15. Gilmore Johnson, Chairman, Report of the Select Committee of the National Association of State Approving Agencies, Submitted at the Mid-Winter Conference, March 6-8, 1979, Washington, D.C.

16. Reply of Romaine Ross, Minnesota State Supervisor, Veterans' Education to our inquiry (ibid., Appendix D).

17. As an example, here is one agency director's recital of bickering and delay:

"The basic problem in the approval process is the delays created by VARO [the VA regional office] in questioning facets of the approval. As an example, our approval letter concerning a local law school dated August 15, 1978....Also, letter dated September 5, 1978 approved Doctor of Jurisprudence....On January 24, 1979 VA...suspended both programs with the remark, 'Action must be taken to confirm 2 year period of operation.' VARO letter dated January 24, 1979 to this agency requested documents to support two year operation....Our Assistant State Supervisor did visit the school on August 10, 1978 and his report stated, 'The Paralegal program has been in operation for over three years.'

"VARO letter of October 24, 1978 stated verification be furnished that the two year rule of operation had been met. Our letter of November 17, 1978 responded with the starting dates for the Doctor of Jurisprudence as September 24, 1976, which had been verified on original visit to the school. It was only after this VARO letter of January 24, 1979 that school officials visited the Liaison Officer...to learn the cause of delay in their approval. Subsequently on February 8, 1979, the VA....stated two year period of operation was verified....This is not an unusual situation...."

18. Thirty-eight out of 49 approval agency and 18 out of 65 regional office respondents.

19. This viewpoint, held by the directors of many agencies approving apprenticeship programs in states with Joint Apprenticeship Councils, is not shared by the directors of other approval agencies or, it need hardly be added, by VA officials. One headquarters official wrote, "The VA position is that an unregistered apprenticeship program must meet all of the training standards [his emphasis] published by the Department of Labor, thus assuring the same quality of training as a registered program."

20. Response to our inquiry, quoted by permission.

21. "Educational Accountability and Instructional Diversity: The Assessment of Nonclassroom Instruction," March 2, 1979 draft prepared by Keith Pailthorp for the Veterans Program Administrators of Washington.

8. THE ROLE OF ACCREDITATION

Private accreditation became a statutory factor in course approvals under P.L. 82-550 in 1952, though, in view of its importance in educational affairs, it would doubtless have been a factor in any event. Thus, VA, which has for good and sufficient reasons soured on accreditation, played a critical role in rendering it a statutory element of school eligibility for many federal programs. The two germinal provisions on accreditation in P.L. 550 were the requirement that the Commissioner of Education publish a list of recognized accrediting agencies, and the exemption, under Sec. 1775, of "accredited courses" from the detailed approval conditions required under Sec. 1776 for "non-accredited courses":

For the purpose of this chapter the Commissioner of Education shall publish a list of nationally recognized accrediting agencies and associations which the Commissioner determines to be reliable authority as to the quality of training offered by an educational institution and the State approving agencies may, upon concurrence, utilize the accreditation of such accrediting associations or agencies for approval of the courses specifically accredited and approved by such accrediting association or agency.

The Office of Education had, in fact, for many years included a list of accrediting associations in its directory of Accredited Higher Institutions issued quadrennially from 1917 through 1965. The 1944 directory listed 22 associations; the 1948 directory enumerated eleven criteria for their "recognition" or listing;¹ and the 1952 directory, issued just before passage of P.L. 550 in July, cited virtually the same 28 associations--6 regional and 22 national--formally listed by Commissioner Earl McGrath in September (a provisional list was distributed to state approval agencies in August).

All of these associations accredited higher educational institutions or programs; none accredited schools in the proprietary sector, where most of the scandals arising from the first GI Bill had occurred. The exemption of courses accredited by listed associations thus enabled state staff automatically to approve courses at higher educational institutions and to concentrate their efforts on the more detailed approval criteria applicable to vocational courses, a division of labor that persists to this day. The fact that regional associations accredited institutions, not courses (which will be discussed subsequently), was not apparently of concern, either because the significance of the shift to course approvals from the former school approval system was not fully appreciated or, more likely, because higher educational institutions had not presented acute problems and were regarded as sacrosanct compared to the plebeian vocational schools. Reliance on private accreditation served to address the nettlesome issue of educational quality while avoiding charges of governmental "control" of education or interference with the freedom of the academy to decide what and how to teach.

The exemption of courses at schools accredited by recognized accrediting associations was optional, not mandatory, depending "upon concurrence" by each state agency. Nonetheless, it provided an opportunity which associations accrediting proprietary schools quickly grasped. Indeed, Bernard Ehrlich, then counsel for the Accrediting Commission for Business Schools (now the Association of Independent Colleges and Schools), and staff of the House Veterans Affairs Committee have been credited with drafting the provision. Shortly thereafter, ACBS "applied for recognition by the commissioner and, after its application was twice rejected..., became in 1956 the first agency accrediting proprietary schools to be recognized. The National Home Study Council, whose members have enrolled many veterans

in correspondence courses, became the second, in 1959";² the National Association of Trade and Technical Schools followed in 1967 and the Cosmetology Accrediting Commission, in 1970.

As of early 1979, the Commissioner's list included some 72 to 80 recognized accrediting agencies (depending on the precise methods of counting): 13 regional commissions accrediting institutions of higher education and/or vocational and public schools; 10 national associations accrediting independent professional or vocational schools, including 6 accrediting mainly proprietary schools; and the remainder, national associations accrediting professional and specialized programs at regionally accredited institutions, independent schools, or noneducational institutions such as hospitals, clinics, and laboratories.

State Approvals "as Accredited"

In 1973, state agencies approved "as accredited," under Sec. 1775, courses at 87 percent, or 2,697 of the 3,093 degree-granting institutions, but only 27 percent, or 2,276 of those at the 3,489 non-degree granting vocational schools, then approved for veterans.³ Of the 2,276 vocational schools, about 1,500 were public postsecondary vocational schools (which, though largely unaccredited, were approved as accredited under a provision of Section 1775 pertaining to public vocational schools), and 770, proprietary business, trade, correspondence, or cosmetology schools accredited by the four associations named above. Hence, all state approval agencies concurred in the accreditation of colleges by regional associations but only a minority concurred in that of the principal national associations accrediting proprietary schools. At least 24 states or jurisdictions accepted the accreditation of the Association of Independent Colleges and Schools, 18 and 17 respectively, that of the National Association of Trade and Technical schools and the National Home Study Council, and only 9, that of the Cosmetology Accrediting Commission.⁴

It appears that, in ensuing years, the number of states accepting the accreditation of these associations has somewhat increased, but we do not have a precise count. Judging from the responses of approval agency heads in early 1979, at least 28 recognized AICS; 27, NATTS; 6, NHSC; and 19, the CAC. William Goddard, Secretary of the NATTS accrediting commission, informed us that most states "now recognize" NATTS schools under Sec. 1775; William Fowler, Executive Secretary of NHSC, stated that, of about 60 proprietary schools accredited by the Council, 50-60 percent were approved for veterans benefits, "usually...under Section 1775" (his emphasis). Most accredited cosmetology schools are still approved under Sec. 1776.

In sum, as of early 1979, courses at about half of the 2,200 proprietary schools accredited by associations recognized by the Commissioner were probably approved under Sec. 1775, compared to almost all of those at the 3,000 higher educational institutions then regionally accredited.

The VA does not now have a ready means of determining (by computer run or state agency report) the number of courses and/or schools approved as accredited and unaccredited. This information would be helpful in assessing the incidence of compliance and overpayments at the two kinds of schools, and deciding if Sec. 1776 approvals should be encouraged to reduce these problems or discouraged, because of their cost and tediousness.

Approvals under Sec. 1775, as accredited, are not only simpler for state agencies; they are decidedly advantageous to the schools. The refund policy of the accrediting association applies, which is more favorable for the school than the pro rata policy necessary under Sec. 1776; since 1976, fewer hours of study have been required for full benefits in vocational courses, giving a competitive advantage to proprietary schools whose accreditation is accepted by state agencies.

As VA regional staff repeatedly noted during their October 1978 meeting in Silver Spring, Md., the Sec. 1776 criteria for approving courses as unaccredited were designed for proprietary schools. Criteria such as the following are inapplicable to, or inappropriate for, colleges: the requirement that the state agency set enrollment limitations; that "...directors, owners, and instructors" be of "good reputation and character"; that nonaccredited courses be comparable to "similar courses in public schools"; that a "certificate" be awarded upon completion of "training"; and establishing that the Federal Trade Commission has not ordered the school to "cease and desist" from any practice. Clearly, amended criteria are needed which are directly applicable to colleges. Those approved under Sec. 1776 have usually been seminaries and bible colleges, business colleges, new junior colleges with candidate status but not regular regional accreditation, and a few institutions of doubtful scrupulousness which offer generous credit for prior "experience" and award degrees for relatively little labor.

The Regionals' Fall from Grace

An earlier review of the state approval system noted the automatic acceptance of regional accreditation by state agencies and the division between states which did and did not accept the accreditation of associations accrediting proprietary schools.

Plainly, no love is lost between the agencies which accredit proprietary schools and those which handle veterans approvals in many states (e.g., Texas, Minnesota, and Florida). In other states, however, (such as New York and Ohio), they work together well and with mutual respect.

In approving courses at higher educational institutions, the state agencies have commonly deferred to the judgment of regional commissions, supplemented by the automatic acceptance of public institutions.⁵

In the present study, the loss of the respect formerly accorded to regional accrediting associations was striking; whereas the associations accrediting proprietary schools appear to have held or somewhat improved their mixed standing with VA and state officials. (That is a relative statement: the regionals' standing can slip and yet remain higher than that of many other associations.)

In 1972, when Paul Smelser of the Missouri approval agency was preparing a position paper for the National Association of State Approving Agencies on the acceptance of accreditation for approval purposes, the basic issue was whether accredited proprietary schools should be approved under Sec. 1775 or 1776; the approval of accredited colleges under Sec. 1775 was unquestioned. By 1975, the lax administrative and educational practices of some accredited colleges had received so much publicity that NASAA adopted a resolution pointing out that the regionals "do not include attendance and progress as requirements of accreditation, and...this lack of control permits excessive absence and repeat of courses...which has led to large amounts of money paid[to veterans] which is unnecessary and legally questionable...."⁶ However, state staff differ markedly in their opinion of regional accreditation. Some, particularly those in departments of education, continue to speak deferentially of regionally accredited institutions as inhabitants of another educational universe with altogether higher academic standards than vocational schools; while to others, college administrators have become ordinary retailers in an ordinary educational trade, whose scales must be inspected regularly. Some distinguish public institutions, whose courses are authorized and territories demarcated by state boards,

from private institutions which engage in competitive practices as unbridled as those of any proprietary school, with open admissions, excessive credit offerings, easy courses, and easy degrees as their sale merchandise and regional accreditation as their protection from state licensing and approval controls.

To VA staff, two- and four-year accredited public institutions have been among the worst offenders against traditional academic standards of admissions, grading, and progress. Five of the six Los Angeles institutions with large overpayments investigated by the General Accounting Office in 1976 were accredited public institutions (four were junior colleges, and all California public junior colleges are accredited).⁷ Glaring episodes of deliberate abuse of GI benefits by regionally accredited institutions documented in press accounts and Congressional hearings, have led to a disenchantment with accreditation by members and staff of the Congressional veterans affairs committees and statutory changes strengthening the approval criteria for accredited courses.

In one case, Northwest Missouri State University

...acquired more than 10,000 new students and several hundred thousand dollars in tuition...by lending its name [and accredited status] to a salesmanship course run by a Denver-based proprietary school....Financially troubled Northwest Missouri entered an agreement [in 1973] with Elba Systems Corp. of Denver, a small corporation headed by a Northwest Missouri alumnus, to begin offering a fully off-campus "external degree" in insurance salesmanship....

Elba...agreed to provide course materials, recruit all students..., to rent motel rooms and other temporary classrooms in various cities, and to hire instructors to teach monthly sessions that were to accompany the correspondence work.

Northwest Missouri, whose enrollment had been dropping and was down to about 4,300 on-campus students, was to get the off-campus course approved by the Veterans Administration's state approval agent, handle paperwork on the students, and provide supervision.

The course would cost a student \$2,107 for 10 months, all of which an ex-serviceman or woman could get from the Veterans Administration under the G.I. Bill. Elba's share would be \$1,777, and Northwest Missouri would get \$330....

Elba's commissioned salesmen began flooding the university with so many enrollees that the university became administratively overloaded, and paperwork began piling up in the V.A.'s St. Louis regional office. Administrators in the V.A.'s Washington headquarters and members of the Congressional veterans' affairs committees became concerned about the program's almost total reliance on recruiting fully subsidized veterans.

Last March, the veterans' committees jointly asked the General Accounting Office...to look into the program. The G.A.O.'s private briefing...persuaded the committee and the Veterans Administration to draw up new administrative regulations...that would drastically cut the subsidies for the course.⁸

The facts on another regionally accredited institution, Florida Junior College in Jacksonville, were related at a House Veterans' Affairs Committee hearing by Oliver Meadows, the committee's staff director:

Now, as we investigated that school, and I want to emphasize that we do not see this as particularly an isolated case, we found no attendance policies, no standards in grading,...we found that there were about 6,000 veterans enrolled, innumerable examples of individuals who had gone to school semester after semester, and as many as nine semesters, and had never passed one single, solitary course, or accumulated a grade point, who were being carried in good standing by the institution.

When this committee's investigators went there and brought it to the attention of the school, the school began to survey its situation. Now...they have dismissed 25 percent of their student body of veterans....

Now, the plain fact of the matter is...that there was not any semblance of any grading policy. There was no semblance of any progress policy. There was no semblance of any attendance policy, and these people were enrolled semester after semester and paid by the U.S. Government, and there was not one single soul...that knew they were on the campus or what they were doing....

Now, if this was just one school, it would not be so bad, but the evidence is quite clear that this pattern emerges across the country....

...the U.S. Government cannot pour money into these institutions indefinitely for people that are not going to school; and the frank point of the matter is that these people are not even in school. They are not even on the campus. They are simply carried on the rolls.⁹

State and regional staff have become sensitized to the weaknesses of accreditation. "We have more complaints about the accredited... than...unaccredited private [proprietary] schools," said one agency head who was also responsible for licensing these schools; the complaints, he explained, often come from students with OE financial aid, for which only accredited schools are eligible. (However, the many problems VA has had with flight schools have been with unaccredited schools, since only a handful of the 1400-odd flight schools are accredited.)

To show a regional association's disregard of, or inability to maintain, academic standards, one VA education officer observed that two accredited institutions included undergraduate classes in their graduate programs. Another regionally accredited institution, a junior college official said caustically, admitted only upper-classmen, gave them bachelor degrees in a truncated evening program--and they then enrolled in the junior college to make up the lower-class work they had missed. A VA staff member in a Midwest regional office remarked that accredited vocational schools "bounce back and forth" between awarding certificates and degrees for the same or comparable programs, without visible constraint from the North Central Association. Whatever the value of regional accreditation, its inability to attest to the quality standards of programs and branch facilities established after an accrediting team's visit was repeatedly stressed.

"Academic standards...have been discarded"

Some years ago, the regionals were criticized for their conservatism and opposition to "innovative" and "nontraditional" education. Now, they are being criticized for sanctioning new educational formats whose success has given conventional institutions unwelcome competition.

The accreditation of National University in 1977 by the Western Association drew severe criticism from other institutions in the San Diego area. National, established in 1972, "offers standardized and packaged bachelor's and master's-degree programs in business and public administration" in compact evening classes catering to part-time, older students and military personnel who work during the day. Classes, offered in one-month units, meet four hours, two nights a week, and eight hours on one or two Saturdays; most faculty teach part-time.

The Higher Education Association of San Diego, which is composed of 16 accredited two-year and four-year institutions, has questioned National's limited curriculum, its adjunct faculty, its admissions standards, and its "unkind" advertising....

"Institutions such as National University give a black eye to higher education," says an official of one of the colleges in the consortium....

The consortium members met last June with the senior-college commission of the Western Association to express the "unanimously strong concern" of "those in the academic community immediately affected" by National University.

Author E. Hughes, president of the University of San Diego and spokesman for the consortium, told the accrediting commission that information in National's bulletin was misleading and that it had only "four full-time faculty members" and "no standards of admission."¹⁰

Virtually the identical story was repeated after the Northwest Association's 1977 accreditation of nonprofit City College, established in 1973, offering bachelor and master degrees for classes meeting evenings and weekends in scattered locations around the Seattle area,

including schools, public facilities, and even ferries. The college had no campus or full-time faculty; had a mobile library; and operated out of unpretentious offices in a commercial building; gave liberal credit for prior "experience" and vocational education; in February 1979, 900 of its 2,000 students were veterans, who could receive full-time benefits for evening classes while working full-time during the day. Spokesmen for local private institutions castigated Northwest for accrediting City College. The association responded in all honesty that it had observed its normal procedures, including the recommendations of visiting teams of prominent, named educators, who seemed well qualified.

If such criticism by established institutions is not solely protectionist and something is indeed amiss with the basic principles of regional accreditation, it is that the regionals have for many years discarded objective standards for a judgment that an institution is capable of achieving the goals which it sets for itself. Since institutions like National University and City College are demonstrably capable of achieving their goals (albeit, like many other institutions, with the help of substantial federal aid to their students), they plainly merit accreditation. As Thurston Manning, director of the North Central Commission on Institutions of Higher Education, has written in a thoughtful, though unduly sanguine, discussion of academic standards, "Academic standards--meaning rules, regulations, or laws that are explicit and objective and are applied uniformly to all institutions--have been discarded" (by the regionals).¹¹ That conclusion is, unfortunately, correct.

Accredited Off-Campus Programs

The credibility of regional accreditation has been especially chal-

lenged by the proliferation of money-making extension offerings at remote, bare-bone facilities. The Department of Defense requires all institutions operating on military bases to be regionally accredited; yet, as detailed elsewhere in this report, the quality of many of these programs has been scathingly criticized. VA has sought, with minor success, to induce state approval agencies to make an independent assessment of their quality, rather than relying on the regional accreditation of their home campus. Contrariwise, the National Association of Institutions for Military Education Services, an association of eleven institutions operating on military bases, contends that regional accreditation should suffice for veterans' approval:

1) State approval agencies should rely on regional accrediting agencies as bases for their approval.

2) Extended campus sites should be evaluated by regional accrediting agencies and in cases of cross jurisdictions, the evaluation team should consist of both jurisdictions.

The most ludicrous example of evaluation mechanisms used by state approval agencies is a team consisting of a member of the state board of regents, the state university system, and some other state member. This mechanism is economic and political and does not permit objective evaluations. This is particularly true in cases where the extended campus program is also non-traditional.¹²

The widespread exemption from licensure that regional accreditation has yielded both in- and out-of-state programs has been discussed in other sections. It has been vital to the ability of institutions like Nova University, the University of La Verne, and Antioch and Golden Gate Universities to operate extension programs across the nation. "If Nova University had not been fully accredited by the Southern Association of Colleges and Schools at the time the University began these national programs in 1972, it is very doubtful that they would ever have gotten off the ground...."¹³

The portability of accreditation has rested on the fact that extension programs are not usually "operationally separate units" requiring separate accreditation by the regional association of the state in which they operate. The VA's narrower definition of a separate facility requires the same programs to be approved by the approval agency of the state where they are offered. According to the regionals' definition, "operationally separate units":

1. Are under the general control of a parent institution or a central administration in a multi-unit system;
2. Have a core of full-time faculty, a separate student-body, and a resident administration;
3. Offer programs comprising a totality of educational experience as defined by the appropriate regional accrediting commission....

Programs not classified as operationally separate by the responsible accrediting commission are included in that commission's evaluation of the parent institution, regardless of location. Commissions in other regions where such programs are located may be invited to send representatives.¹⁴

Institutional accreditation, in which a team of five to twenty administrators and faculty review a self-study and spend two or three days on a campus once in five, ten, or more years was never meant to inspect and assess every program and facility of a university or college. It is designed to reach an overall judgment about the adequacy of the institution as a whole, explicitly recognizing that the whole is made up of many parts some of which are necessarily of lesser quality than others. Team members do not visit, discuss, or appraise every department and program, which would be tiresome or impossible at large institutions. Instead, they concentrate on major issues and problems brought out in the self-study, and whatever points come to their attention from other sources or emerge during their visit.

Nonetheless, because of the furor which extension, and especially

out-of-state, programs have aroused and their frequent exemption from state licensing due to their sponsoring institution's accreditation, the regionals have been under pressure from state authorities and many of their member institutions to visit and separately certify extension sites. In October 1976, the Council on Postsecondary Accreditation unanimously adopted a resolution urging the regionals to adopt policies "that cover the problem of off-campus programs" and hold accredited institutions "responsible for all educational programs offered under their auspices." While stressing that "there are many more good than bad off-campus degree programs," it stated:

A great disservice may be done to students and to society by less than adequate off-campus degree programs--especially when these are sponsored by accredited institutions, and the public therefore is led to believe that there is adequate assurance as to educational quality....

COPA offers its full cooperation to state offices dealing with this matter and to concerned federal agencies, particularly the Veterans Administration and the Department of Defense....In turn, these governmental bodies are urged to work with COPA in the resolution of this problem.

It is believed that if nongovernmental accreditation is to continue to have credibility and value as an indicator of educational quality, then COPA and the accrediting community must act quickly and effectively to insure that courses offered by accredited institutions are indeed of satisfactory educational quality, wherever they may be located.¹⁵

This statement was shortly followed by the regional secretaries' preparation of a memorandum of agreement "On Accreditation and Off-Campus Educational Activities" and the adoption by several regional commissions of statements on off-campus programs. The memorandum concurred with the view of VA and state approval staff that "Off-campus educational activities initiated subsequent to the most recent evaluation are not automatically included in the institution's accreditation."

It required the submission of extensive information at least ninety days before off-campus activities "become operational," and a report three months after their initiation. After receiving the advance materials, the accrediting commission will determine if the projected activities are "within the scope of the institution's accreditation" and "may" require an on-site evaluation.¹⁶

The directors of several regionals have insisted that few off-campus programs are of inadequate quality. To James Bemis of the Northwest Association, "only a few institutions" fell into that category; to Robert Kirkwood of Middle States, quality problems were "less extensive" than had been thought. The associate director of the Western Commission said that "perhaps a half-dozen institutions were engaged in questionable off-campus activities" and allowed that California and Hawaii might have "more of a problem" than other states.¹⁷ A scepticism about the seriousness of the off-campus quality problem, evident in such comments and the careful wording of the regional policy statements, was openly expressed in a July 1978 statement by the Executive Board of the North Central Commission on Institutions of Higher Education. The Board stated that, aside from long-standing extension programs and off-campus programs for residential students (such as foreign study programs), the bulk of off-campus programs were those on military bases. "...in general, the off-campus programs of accredited institutions are of at least acceptable educational quality"; only "a small minority" are "of poor quality"; many "documented cases of programs of poor quality have involved unaccredited institutions" which should be dealt with by state agencies.

...it seems to us short-sighted at best to seek to impose heavily restrictive regulations that would make it difficult to offer off-campus programs....the best means to diminish the already small number

of poor quality programs is to increase the number of good quality programs....Experience shows clearly that regulations do not prevent abuses: those determined to abuse find ways to circumvent or ignore regulations.¹⁸

However, pushed by state officials and their own members, the regionals have undertaken an expanded series of visits to branch sites by representatives of the home and branch regionals. While it is too early to assess the net outcome, the visits have already led to some welcome corrective measures. Thus, after being placed on probation by North Central, Columbia College, Missouri, has apparently adopted more conservative policies in awarding credit for "experience" and "has agreed to reduce its off-campus locations to about 40 from 144" (retaining most of the larger sites); St. Mary's College, California, has "decided to phase out its off-campus program after being placed on a two-year probation" by Western; the University of Northern Colorado has also reduced its branch offerings.¹⁹

A Statutory Anomaly

As noted, state agencies, by law, approve "courses," a term which, in practice, usually means degree or certificate programs. Sec. 1775, Title 38, which provides a simpler approval procedure for accredited courses, states that the agencies may utilize the accreditation of accrediting associations listed by the Commissioner of Education "for approval of the courses specifically accredited and approved by such accrediting association...." That "specifically accredited" is anomalous for the regional associations, whose accreditation is most frequently accepted for Sec. 1775 approvals; it is more credible for the accreditation of vocational schools, which may combine institutional and program accreditation, especially for small or correspondence schools; and

it is most credible for national accreditation of designated professional and specialized programs (which is, however, least often utilized by state agencies).

We asked the directors of associations listed by the Commissioner the following questions:

Section 1775 states that "the State approving agencies may, upon concurrence, utilize the accreditation of such [recognized] accrediting associations or agencies for approval of the courses specifically accredited and approved by such accrediting association or agency." Does accreditation by your association attest to the quality a) of individual courses; b) of one or more degree or certificate programs or courses of study; c) of both a and b; or d) neither?

Of the 18 associations which we classified as professional or specialized, 15 replied that they attested to the quality of programs; 2, to both programs and individual courses; and 1, to both programs and institutions. Of the 15 associations (10 regional and 5 national) we classified as institutional, 11 indicated that they attested only to the quality of institutions and 4, also to that of programs (and, in 3 of these cases, individual courses).

At least some regional commissions accrediting vocational schools make a greater effort to examine individual programs than do the higher education commissions, no doubt for the same reason that is true of the work of state approval agencies: it is technically more practicable.

Thus, the secretary of one vocational school commission writes:

We attest to the quality of the overall institutions but do review each program as a part of accreditation. We attest to the general quality of individual programs but make no published list of programs available.

We do attest to certificate programs....Courses of study are required to meet job needs, therefore, we attest to course of study for all programs in a school.

The secretary of another vocational school commission takes a position

closer to that characteristic of higher education commissions:

Accreditation...does not attest to the quality of individual programs but does attest to the overall quality of the institution. While we make every effort to assign specialists for the vast majority of programs in the evaluation of our vocational, technical, career institutions, we cannot offer testimony to the quality of each individual program.

Because of the importance of this question to college program approvals by state agencies, we will quote the replies of the higher education commission staff directors at some length:

Our accreditation speaks to the success of the institution as a whole in meeting appropriate educational purposes; it does not attest to individual programs or courses.

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...Commission accreditation covers the entire institution, not course-by-course or program-by-program. There is some confusion here, since state agencies sometimes assume that institutional accreditation is tantamount to programmatic accreditation in terms of an in-depth review of every single program...

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[Our]...accreditation is institutional in nature and does not apply to individual programs or specific courses.

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Institutional accreditation relies on a rigorous review of the general quality of academic, fiscal, and other aspects of institutional life. In granting accreditation,...the Association is affirming that the over-all quality level of the institution is satisfactory, and that the institution is so organized, staffed, and supported as to be capable of meeting its objectives now and in the foreseeable future. This does not imply that every program within the institution is comparable in quality to others, and certainly not that individual courses are. In contrast to specialized accreditation, which examines in depth a limited area (like the specialist in medicine), institutional accreditation is like the general practitioner or diagnostician whose concern is to testify to the general health of a person after weighing the complex of particular strengths and weaknesses the individual possesses.

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...regional commissions such as ours accredit total institutions rather than programs. In evaluating an institution for accreditation, however, each constituent or related unit is examined. When institutional accreditation is granted, it does not mean that all programs or units are necessarily at the same level of quality. We attest to over-all institutional quality, not to individual courses or programs.

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The Commission...regards its function...as accrediting an institution as a whole. It recognized that accreditation of professional schools, divisions, or departments within complex universities is provided by other recognized accrediting organizations....It becomes the responsibility of the Commission to evaluate the work of specialized schools, divisions, or departments when they are not accredited by the appropriate professional agencies. The Commission does review each degree program through the Self-Study process, and new programs are reviewed for evaluation on a continuing basis for incorporation in an institution's total accreditation....programs of continuing education and nontraditional education are evaluated by additional criteria....

The last statement, on behalf of the Southern Association Commission on Colleges, appears to make a strong case for the evaluation of individual programs but, if examined closely, is, we believe, essentially similar to the statements of the other regional association directors.

The View of State Agencies

In our inquiry to state approval agency directors, we pointed out the anomaly in Section 1775 and asked how they dealt with it:

Sec. 1775 states that SAAs may "utilize the accreditation of such accrediting associations or agencies for approval of courses specifically accredited and approved by such accrediting association or agency." This is a contradiction in terms for any accrediting association which accredits institutions and explicitly disclaims and refuses to accredit courses and programs. In practice, how do you interpret this passage?

Setting aside comments which did not address the issue, there were essentially two types of responses: 1. institutional accreditation is indeed tantamount to program accreditation: that is, our facts or logic were disputed; or 2. the contradiction was acknowledged; nonetheless, for practical reasons, regional accreditation was accepted for most program approvals.

Those who insisted that regional accreditation attests to the quality of individual programs justified their position in several ways:

It is our understanding and we have confirmed it by talking to the... Southern Association of Colleges and Schools that their accreditation of an IHL [Institution of Higher Learning] covers all programs of study being offered.

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The award of accreditation acts as an umbrella for all program offerings.

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...regional accrediting associations place great weight on the intangible linchpin of ethical intergrity. We accept and concur with their view that quality as determined above should extend to all offerings of such accredited institutions. Perhaps the question is best answered in the negative--an ethical institution would not launch or continue inadequate offerings.

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...we cannot understand how an institution may be effectively evaluated without a review (approval) of the programs within the institution. Thus, we are not sure that we understand the contradiction.

(The answer to the last respondent is that some but not all programs are normally investigated during a regional team's visit to a college; yet few or none are evaluated with the intensity and detail customary in professional accreditation, since the purpose of regional accreditation is to assess the institution as a whole, not individual programs.) Finally, it was observed that VA has taken care of any inconsistency in the statutory language by a regulation (14253) explicitly stating that, "Any curriculum offered by an educational institution which is a member of one of the nationally recognized accrediting agencies or associations and which leads to a degree, diploma, or certificate will be accepted as an accredited course when approved as such by the State approving agency."

Some who acknowledged the difficulty said that they resorted to supplementary means to verify the quality of individual programs: state authorization to offer degrees, the listing of degree programs in a school's approval application, professional accreditation of certain programs, or their own approval of selected programs under Sec. 1776.

We recognize [institutional] accreditation as covering all courses offered in schools with the exception of courses in the health field. In these courses, we do require individual course-by-course accreditation from an appropriate specialized agency.

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Many of our colleges and universities have Continuing Education Departments that offer nondegree programs. Even though the school and their degree programs...may be accredited, we approve these continuing education courses...as non-accredited under Section 1776.

Others acknowledged and lamented the contradiction without indicating how it might be resolved; indeed, it is difficult to know how, without a large increase in staff resources (the foregoing measures being highly selective).

This has been a problem area...for at least ten years. We have tried to avoid specific interpretation because the accrediting associations go to great lengths to see that the issue remains "cloudy."

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...even the accreditation agencies would deny granting accreditation in the "blind" to programs that were not [offered]...at the time of accreditation.

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...we find that no agency except the school itself really knows the extent of quality provided.

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I interpret this passage as meaning program accreditation, not total school accreditation. In practice, we use school accreditation not program accreditation.

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There is obviously a contradiction in accepting institutional accreditation as justification for approving specific programs....new programs may and do frequently appear between visits from recognized accrediting bodies. Should veterans be prohibited from enrolling in such programs for a period of five years or more until the next accrediting visit? Should accreditation be ignored when it is institutional and not programmatic?

A fragmentary solution to the problem of identifying quality programs would be to place more reliance on professional or program accreditation. It would be fragmentary because (on an order of magnitude estimate), of well over 100,000 degree-programs at 3100 colleges and universities, under 10,000 are accredited. Institutional presidents, traditionally hostile to professional accreditation, would undoubtedly oppose such a change, as they and their spokesmen made clear in response to our

inquiry on the point.²⁰

As matters stand, the statutory anomaly at the heart of college course approvals has been papered over by a VA regulation that simplifies these approvals without addressing the root problem of relying on regional accreditation for purposes--the certification of program quality--for which it was never designed.

President Thomas Bonner of Wayne State University, which is engaged in court litigation with the VA about benefits awarded to veterans enrolled in its Weekend College program, states that that is "a fully accredited program."²¹ He is wrong. The North Central Commission has accredited (not "fully accredited," a category that does not exist) the university as an institution; it has made no finding about the quality of its individual programs. The regionals have stated clearly that "Accreditation applies to an entire institution, not to specific programs, degrees, or individual students."²² However, the VA regulation instructs state approval agencies to act as if institutional accreditation did indeed apply to specific programs and degrees. Contrary instructions, which will shortly be noted, have also been issued. Obviously, the statute and its interpretation in VA regulation and state practice need clarification.

Contacts Between State and Accrediting Agencies

When we asked which accrediting associations they accepted for course approvals, ten state agency directors cited only institutional accrediting associations; 11 referred to the Commissioner's list, without identifying specific associations; and 28 named one or more

professional or specialized accrediting associations. The American Medical Association, American Dental Association, National League for Nursing, American Association of Nurse Anesthetists, American Bar Association, Association for Clinical Pastoral Education, and the Association of Theological Schools were cited by six or more directors (the AMA, by 27).

Our impression (from the nature of their comments, interviews, and other sources) is that agencies rely predominantly on institutional accreditation: principally, that of the regionals and the American Association of Bible Colleges; secondarily, that of proprietary schools, including those accredited by the Accrediting Bureau of Medical Laboratory Schools. In health and allied health programs at hospitals, clinics, laboratories, and independent facilities, they may rely on the accreditation of specialized agencies conducted in conjunction with the American Medical Association.

Some approval agency staff are highly knowledgeable about accrediting associations, especially the regional in their territory and "the big three" accrediting business, trade, and correspondence schools. They have observed their work for two or three decades and have met their staff periodically at national conferences. They are familiar with accrediting standards, especially on such matters as refund policy, range of programs, branch facilities, the periodicity and length of team visits; and know from direct observation the financial stability of accredited schools and their advertising, recruiting, and placement record. Based on this knowledge (and, some proprietary school spokesmen charge,

their interest in make-work approvals under Sec. 1776), they take a clear position to approve proprietary schools under Sec. 1775 or 1776. For example, many directors refuse to approve accredited cosmetology schools under Sec. 1775, because they consider the Cosmetology Accrediting Commission's refund policy unacceptable.

Other directors are more poorly informed, particularly about the regional and professional associations accrediting higher educational institutions and programs, which inhabit a distant world. In their conversation and communications, they exhibit a lack of ease and familiarity with higher educational institutions and their accrediting bodies--either an excess of respect or a sense of annoyance at their political untouchability. If an independent professional school is accredited by the American Psychological Association or the Association of Theological Schools, they may approve it under Sec. 1775; but they do not inquire if a university psychology department is unaccredited by the American Psychological Association or consider approving it under Sec. 1776. State higher educational politics are not played out in vocational school agencies. "I don't believe it is a question of what we accept," one agency head replied to our question about the accrediting associations "accepted" under Sec. 1775. "Politically we are directed to accept."

Most accrediting association staff, likewise, have had little contact with state approval agencies and still less with VA regional or headquarters staff. The directors of several institutional and a few

professional associations reported regular contact with state approval officials, who usually inquired about the accredited status of a school or a particular accreditation standard; in one region, approval staff frequently accompany evaluation teams as observers. As veteran enrollments have been important to many of their schools, the associations accrediting proprietary schools may follow VA and state developments closely and intervene as their interests warrant; for obvious reasons, they can be more interested in joint approval and licensing than in independent approval agencies. William Goddard, secretary of the National Association of Trade and Technical Schools Accrediting Commission, who flies his own airplane, tries to visit every state capital at least once in two years. He and representatives of the business school and home study accrediting associations attend many state approval agency meetings.

More programmatic accrediting staff have had little or no occasion to deal with state approval agencies or (like the regional associations) with VA regional or national staff. They may not even know, but can only surmise, if their programs are approved "as accredited" under Sec. 1775. "In my three years here [at a regional association] I have been contacted three times by the VA...." "...we [at another regional] have had no contact with the VA regional or national offices" in the last three years. "I do not [at a third regional] recall in the last ten years ever being contacted by the regional or national offices regarding approval."

The lack of familiarity or communication between accrediting associations and state or VA officials can lead to misconceptions about the precise status of accredited schools and programs. State officials

appear to rely mainly on the list of recognized accrediting associations issued periodically by the Office of Education and, secondarily, upon the lists of accredited schools issued by accrediting associations and their periodic announcements of schools whose accreditation has been granted, renewed, or withdrawn. The former is merely a list of association names without additional clarifying information, such as the criteria which the association has not met, or the value and limitations of its accreditation in assessing the quality of individual programs. The lists issued by accrediting associations are not, apparently, systematically collected and distributed by OE or VA staff. In short, there are evident deficiencies in present arrangements for informing state officials about actions by the Commissioner of Education and the accrediting associations that may affect their course approvals. We do not refer to actions that may be deemed confidential (such as probation or a "show cause" notice why accreditation should not be withdrawn from a school), but merely to those which are in the public domain.

An example cited by VA staff concerns a school accredited by the Association of Independent Colleges and Schools for a certificate program in business. The school also offered, but was not accredited for, a certificate program in electronics and a two-year degree program in business. Yet all three programs were approved as accredited by the state agency, apparently due to confusion about the exact scope of AICS accreditation and/or of the Commissioner's recognition of AICS. Another example involved a law school accredited by a regional association but not by the American Bar Association, and approved as accredited

by the state agency. An internal VA memorandum observed that "Graduates would be eligible for the bar examination and the practice of law within the state [but not]...in other states...." It argued, and we agree, that "neither the VA nor most State Approving Agencies have adequately addressed the problems created by institutional and specialized accreditation. The State Approving Agencies could...remedy most...of these problems by requiring the specialized accreditation if such an accrediting agency has been recognized for such purposes."

"Upon Concurrence"

Neither Congress nor the VA has yet addressed, by statute, regulation, or mere information and discussion, this issue of the relative credibility of institutional and specialized accreditation for program approval purposes. However, VA staff have put increased emphasis on the "may, upon concurrence" provision which empowers state agencies to accept or reject the accreditation of a recognized association for approvals under Section 1775. To date, only associations accrediting proprietary schools have been rejected, but the statutory authority of state agencies to reject a regional association is clear. It is the political and technical feasibility and desirability of doing so that must be determined. (Lest we be misunderstood: we think it neither feasible nor desirable to do so in most states for most colleges; yet it may be desirable and feasible in some states for some colleges and in more states for some programs.)

Asked if it is "in principle, desirable" to "handle approvals in accredited institutions by the same standards as those in unaccredited institutions," the state agency directors who gave a direct reply were

evenly divided: 20 "yes" and 20 "no." The contrasting positions may be illustrated by contrasting quotations: "Until the regional agencies are brought up to standards it is not only desirable but mandatory that the state agencies take over" and "...higher education must be treated with the respect and confidence it deserves. The latter day philosophy to treat similarly the IHLs and BCLs [institutions of higher learning and below college level]...is ridiculous...."

Among VA regional office directors and education officers, 44 favored and only 17 opposed a common standard for accredited and unaccredited approvals. Their prevailing view was that accrediting associations may have commendable standards, but do little to enforce them; hence the same approval criteria should be applied to accredited and unaccredited schools:

...experience has shown that accredited institutions eliminated or chose not to enforce acceptable standards when the "baby boom" expired and when vast numbers of veterans were available....The need to fill classrooms and, in some cases, the greed to fill profit or non-profit coffers with easy dollars led some accredited institutions to sacrifice quality for quantity.

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Our repeated experience over the years has led us to believe that accreditation assures almost nothing. Nearly every school in our jurisdiction with the exception of flight schools, but including barber and beauty schools, is accredited. Any distinction between schools based only on accreditation is false. Schools are what they are despite their accreditation status and not because of it. Handling all schools fairly and uniformly without resort to artificial classifications of worth...is not only desirable but imperative.

This policy would ensure that all veterans were treated equally in school refund policies and the training time required for a given level of benefits, and would provide VA with the detailed information it now lacks in Sec. 1775 approvals. The minority held that accredited

schools were indeed of better quality or that, even if they were not, the use of more detailed approval criteria would achieve nothing but increased paperwork and reduced educational opportunities for veterans:

All it would do is increase the paperwork burden on the schools, SAA's and VA; and if the SAA and VA do their jobs conscientiously, it will further restrict a veteran's ability to obtain an education and result in more frequent delays and denials of payment.

This proposal is one more step towards limiting VA benefits; not to those programs which are valuable, but to those which are easily categorized and measured. Such a proposal would be another step toward insuring our veterans the finest education the 19th century can offer.

We must remember the approval requirement serves as a barrier to payment to the veteran. My observation is that E&R [Education and Rehabilitation] Service's efforts to "improve" the approval process serve only to make the barrier more impenetrable while losing sight of the goal of quality education.

"Is it feasible, in practice [to apply the same approval standards to accredited and unaccredited schools], without an increase in SAA funds and personnel?" Twenty-seven state agency directors replied "no," and 9, "yes"; the latter were almost all in agencies which already approve accredited proprietary schools as unaccredited. Such approvals, one director estimated, require "at least three times the man hours per school." The necessary funds, another director suggested, should come from the Office of Education, "because it is obvious that VA does not have the bucks...." Others observed that not only more, but a different kind of personnel with "high academic qualifications" would be needed.

Thirty VA regional respondents agreed that more money would be needed; 26 thought not, since, as the veterans program was declining, the additional work could be conducted at present contract levels. However, the policy would be opposed by accredited schools. "This would

result in a breakdown of current relations between VA and accredited schools....and would probably be disastrous for our public relations" If the policy were to be adopted, it was noted, it should be adopted nationally, without permitting state discretion, because "One state might be reluctant to impose stricter standards when a neighboring state with more liberal criteria attracted significant numbers of students away from the strict state." (However, there are strict and lenient state proprietary school approvals today, with little noticeable effect on student enrollments.)

In August 1978, VA distributed to state approval agencies a two-page information sheet on their authority to approve courses under Sec. 1776 "in lieu of" Sec. 1775, which may reasonably be interpreted as careful encouragement, advice, and admonition on how to use, and defend the use of, Sec. 1776 at accredited schools without coming a cropper.

Many SAA's have denied concurrence as to one or more accrediting agencies. There is no question but that the law gives the SAA discretionary authority.

The SAA does not have authority to exercise its section 1775 discretion arbitrarily or capriciously....Several factual situations are apparent on which an SAA may rely in making its determination that an accrediting agency is not reliable authority as to the quality of training:

- The infrequency of evaluations
- The failure to evaluate courses
- The emphasis on institutional objectives rather than program quality
- Lack of enforcement of published criteria
- Inclusion within the scope of accreditation of programs and branches prior to evaluation
- Institutional accreditation, rather than course accreditation

Where the SAA has a factual basis for finding that an accrediting agency is not reliable authority as to quality, it has a duty to deny concurrence in the Commissioner's recognition. Section 1775 is not merely permission; it places specific restrictions on the SAA's discretionary authority. First and foremost, it directs that only such

"courses specifically accredited and approved by such accrediting association or agency" may be approved as accredited. Thus the SAA would be justified in refusing concurrence as to any agency whose accreditation is institutional rather than programmatic.

....There are State agencies which do not recognize the Cosmetology Accrediting Commission, A.I.C.S., N.H.S.C., N.A.T.T.S., etc. The VA has never objected to such actions. The only issue is the propriety of an SAA denying concurrence as to all accrediting agencies....The determinations should be made on an individual accrediting agency basis, and not a blanket decision covering all, since the facts would differ for many....

The simpler solution is for the SAA to adopt any or all of the approval criteria in Section 1776, as it deems appropriate, as additional approval criteria under Section 1775. This would not preclude the possibility of nonconcurrence in the cases of selected accrediting agencies. The adoption of section 1776 criteria would solve the problems inherent in institutional accreditation, but if it is to be more than a paper transaction, the SAA should be prepared to make its own evaluation of each course in each school under its jurisdiction.²³

In 1976, "VA considered proposing...legislation which would require accredited courses to meet the same requirements that nonaccredited courses must meet to be approved by a State Approving Agency. However, this proposal was never formally submitted to the Congress."²⁴ The foregoing document suggests that this idea is still alive--but quite unrealistic.

"...the SAA would be justified in refusing concurrence as to any agency whose accreditation is institutional rather than programmatic." If that is true in one state, it is true in every state, and the inapplicability of institutional accreditation--particularly by the regionals, whose omission from the memorandum is noteworthy--to judgments of program quality should not be left to the judgment of each state agency. (Contrariwise, if it is untrue in one state, it is untrue as a general statement on institutional accreditation.)

"...the SAA should be prepared to make its own evaluation of each course in each school under its jurisdiction." And a one-armed

paperhanger should be prepared to paper all the brick and ivy walls of academe. The impracticality of the task suggests the fruitlessness of the counsel.

However, two alternative courses would be more practicable: 1. The replacement of Sec. 1775 by a set of criteria applicable (as Sec. 1776 is not) to accredited degree-granting institutions. This would merely formalize a policy the Congress has already adopted by requiring attendance and progress policies and records for accredited courses. 2. The assignment to state agencies of the right to determine whether individual accredited schools should be recognized as accredited. The educational and administrative standards of all 3,000 accredited colleges are not of equal quality. Regional accreditation is simply too gross and populist an instrument to discriminate among them. By requiring a state agency to choose between approving all accredited colleges under Sec. 1775 or 1776, the present law in effect requires it to choose Sec. 1775. If agencies' choice were broadened, they could more realistically employ Sec. 1776 for selected accredited colleges.

State approval agencies have the latitude to require, as a condition of either Sec. 1775 or 1776 approval, any additional reasonable criteria that do not conflict with those in the law.²⁵ This might, for example, include a requirement that courses on military bases be licensed by the state, which does not otherwise have licensing authority in a federal enclave. In North Carolina, it includes the requirement that on-base programs be visited by joint teams of the Southern and home regionals. In Texas, it has been interpreted to permit all or some Sec. 1776 criteria to be attached to Sec. 1775 approvals.²⁶ Obviously, this latitude gives the states great power to deal with

almost any quality problem at schools seeking approval for veterans. All that they need is the wit and the will to use it. We say "states" rather than "state approval agencies," because it is unrealistic to expect weak approval agencies, standing alone, to uphold standards to which more powerful state agencies and educational constituencies are opposed.

Footnotes

1. "Criteria for Recognition of Accrediting Agencies by the Office of Education," in Theresa B. Wilkins, Accredited Higher Institutions, 1948, Office of Education, Federal Security Agency, 1949, pp. 2-3.
2. Harold Orlans et al., Private Accreditation and Public Eligibility, National Academy of Public Administration Foundation, October 1974, p. 98.
3. Ibid., pp. 367, 370.
4. Ibid., pp. 375-6.
5. Ibid., p. 362.
6. Report of the National Association of State Approving Agencies Midwinter Conference, Burlington Hotel, Washington, D.C., March 16-19, 1975.
7. See Report to the Congress by the Comptroller General of the United States, Educational Assistance Overpayments, A Billion Dollar Problem, U.S. General Accounting Office, 1976, p. 7.
8. Larry Van Dyne, "Elba Arrangement Ending," Chronicle of Higher Education, March 10, 1975, p. 7.
9. Overpayments and Enforcement of Standards in the Veterans' Education Program, Hearings before the Subcommittee on Education and Training of the Committee on Veterans' Affairs, House of Representatives, 94th Congress, Second Session, April 8, 13, and 29; May 6; and June 2, 1976, pp. 1965-6.
10. Beverly T. Watkins, "A Good Idea or a 'Black Eye' for Education?" Chronicle of Higher Education, October 3, 1977, p. 5.
11. Thurston Manning, "Are Academic Standards Being Eroded? Three Answers to but a Single Question," Western College Association Proceedings, March 1978, p. 19.

12. April 4, 1979 letter to Harold Orlans from Dr. William J. Duggan, President, National Association of Institutions for Military Education Services and Graduate Dean of Webster College, Missouri. NAIMES member institutions, all of which are regionally accredited, include six private institutions (the University of Southern California, Chapman College, La Verne College, and Golden Gate University, all in California; and Park College and Webster College, both in Missouri) and four public universities (Northern Colorado, Central Michigan, and the two campuses of Southern Illinois).

13. Earl Hughes et al., Nova University's Three National Doctoral Degree Programs: An Analysis and Formative Evaluation, Nova University, 1977, pp. 239-40.

14. "Accreditation of Operationally Separate Units," statement by the Western Association of Schools and Colleges, October 1972.

15. News release and "Policy Statement on Off-Campus Degree Programs," The Council on Postsecondary Accreditation, Washington, D.C., October 18, 1976.

16. "Memorandum of Agreement on Accreditation and Off-Campus Educational Activities Developed by the Executive Secretaries of the Regional Accrediting Commissions of Postsecondary Education," 1977.

17. See Robert L. Jacobson, "Stricter Regulation Sought for Off-Campus Programs," Chronicle of Higher Education, August 1, 1977, p. 7.

18. Executive Board of the Commission on Institutions of Higher Education, North Central Association, "Statement on Off-Campus Programs," July 24, 1978.

19. Andy Pasztor and Rich Jaroslovsky, "Question of Degree, Colleges Find Dollars In Branches for Adults, But Some Lose Quality," Wall Street Journal, May 21, 1979, pp. 1, 26.

20. One of nine questions which, with the help of the junior college and state university associations, were distributed to a number of presidents of their institutions was "One alternative would be to place greater reliance on professional accreditation, which fits more closely than institutional accreditation with the VA emphasis on course approval....What do you think of this alternative?" Their answers, in brief, were: very little.

21. Thomas N. Bonner, letter, New York Times, February 16, 1979.

22. They add, "To advertise a new degree or program of the type described in this document [dealing with off-campus programs] with the implication that it is covered by the institution's accreditation is also misleading and will not be permitted by the Commission." It would, presumably, be equally misleading to advertise as "accredited" programs at the main campus ("Memorandum of Agreement on Accreditation and Off-Campus Educational Activities...", op.cit.).

23. "Authority of the SAA to Approve Courses Under 38 U.S.C. 1776 in lieu of 38 U.S.C. 1775," Veterans Administration memorandum, undated (but distributed in 1978).

24. Report to the Congress by the Comptroller General of the United States, What Assurance Does Office of Education Eligibility Process Provide?, General Accounting Office, January 17, 1979, p. 5C.

25. Title 38, Sec. 1772(a) states, "Approval of courses by State approving agencies shall be in accordance with the provisions of this chapter and Chapters 34 and 35 and such other regulations and policies as the State approving agency may adopt." Title 38, Sec. 21.4250(b), Code of Federal Regulations, likewise provides that, "Approval by State approving agencies will be in accordance with the provisions of 38 U.S.C. chapter 36 and such regulations and policies as the agency may adopt not in conflict therewith."

26. The law and regulation cited in footnote 25 "grants authority ...to impose additional requirements for approval under Section 1775 so long as they are not in conflict with Section 1775 or any other provision of Chapter 36.

"Upon examination of Chapter 36, and particularly Section 1775, we are unable to find that any conflict would result from a...rule or regulation requiring compliance with both Sections 1776 and Section 1775 as a prerequisite to approval of courses under Section 1775. Indeed, the wording of Section 1775 suggests that additional state-imposed approval criteria would be quite proper. The permissive verb 'may' is used in describing the approval authority of the state, implying discretion to disapprove even if the criteria stated in Section 1775 are met. The phrase 'as a minimum' is used in describing catalog and recordkeeping requirements, implying that additional approval criteria may be imposed by the state approving agency" (William C. Bednar, Jr., "Approval of Veterans' Courses under 38 U.S.C. Sections 1775-1776," Staff Opinion, Texas Education Agency, November 2, 1977).

Charles M. Chambers, Staff Associate of the Council on Postsecondary Accreditation, interprets the discretion of state approval agencies under Title 38 as follows: "Our view is that the statute intended a.... hierarchical use of accreditation in the approval process, i.e., if a course were located in an institutionally accredited school, then the SAA could defer to accreditation if it chose; if a course were located in a school or college which had programmatic accreditation, then the SAA could again defer if it chose; but finally, if the course were offered on a free-standing basis or in a non-accredited institution, then the SAA on its own would establish direct approval for the course. Indeed, given the discretion it has, if an SAA were dissatisfied with any accreditation that might exist, it could individually approve courses wherever it found them" (December 20, 1978 letter to Harold Orland).

9. APPROVING OUT-OF-STATE COLLEGES

The licensing, accrediting, and approval of out-of-state college programs have been a vortex of political pressures in many states. The interrelated nature of the three activities are illustrated by recent events in Texas.

In January 1979, at least 12 regionally accredited out-of-state institutions offered programs at over 34 sites in Texas; some 75 of these programs awarded degrees ranging from the associate to the doctoral level. Eight of the institutions were nonprofit (Antioch University and the Union for Experimenting Colleges and Universities, Ohio; Columbia, Park, and Webster Colleges, Missouri; Georgia Military College; Nova University, Florida; and Pepperdine University, California); one was for-profit (the Center for Degree Studies, Pennsylvania); and three were public (the Universities of Northern Colorado, Oklahoma, and Utah). Some, such as Antioch and Nova, operated in cities; others, such as Pepperdine, the three Missouri colleges, and the three public universities, on military bases.

State officials believed that these branches posed questions of "quality." The Antioch program was "grossly substandard," one official said, and the Nova program, "intrusive" and subject to "perennial controversy." When the Center for Degree Studies (then named International Correspondence Schools) sought a license to grant degrees, the Coordinating Board of the Texas College and University System, reluctant to grant it, issued a series of provisional licenses with 30-day extensions for eight months. When the Middle States Association accredited the institution, thereby exempting it from licensure, the solution satisfied few officials.

As federal enclaves, military base programs escaped state licensing. The Coordinating Board was concerned about the civilian enrollment in on-

base programs, fearing that they offered an "easy" alternative to the programs of in-state institutions.

Kenneth Ashworth, Texas Commissioner of Higher Education, calls extension programs "freeze-dried education. Add local water to an already watered down program, along with two parts credit for life experience, two parts credit for work experience, one part pick-up faculty, and presto, the miracle degree."¹

A View from the Base

"Miracle degrees" were also available from Texas schools. Established in 1973, American Technological University (ATU) of Killeen, Texas, was accredited by the Southern Association of Colleges and Schools. It sought "to service the educational and applied technologies research needs of business, industry, government, and the military by providing educational programs which stress occupational competency and by providing selected research support in the applied technologies" and "to insure that all the benefits derived from an advanced studies technological university will accrue to military personnel."²

ATU had a liberal credit policy, awarding credit for: courses in military schools, military officers' school, "physical education" acquired in normal military services, civilian and/or military occupational training experience, courses listed in The National Guide to Credit Recommendations for Noncollegiate Courses, and an unspecified amount of "nontraditional learning." Indeed, the chief credit specification noted in the catalog was that students "must earn fifteen (15) semester hours in residence for the baccalaureate and eighteen (18) semester hours in residence for a master's degree."

Dissatisfied with ATU standards, the educational officer at Bergstrom Air Force Base approached 30 in-state institutions. After all declined to offer flexible degree programs meeting the scheduling needs of base personnel, he received permission to "go 327

outside." The University of Northern Colorado (UNC) and Park College, Missouri, both accredited by the North Central Association of Colleges and Schools, were more responsive. In the fall of 1978, Park College enrolled 18 students in 14 undergraduate courses meeting two evenings a week for eight weeks.

UNC has offered external degree programs since 1970. According to its 1979 catalog, they enrolled over 3,000 students at 20 locations in 17 states in "weekend-oriented course formats which permit adults who are employed full-time to participate in a degree program that specifically utilizes and builds upon their work experience." Regular UNC faculty were augmented by "adjunct faculty consisting of professors from universities throughout the nation, selected public officials, and practicing specialists all of whom are recognized leaders in their respective fields."³

UNC offered at Bergstrom graduate degrees in psychology, counselling and guidance, social science, public administration, and business administration. One course consisted of 40-hour seminars given in two sessions, every other weekend, preceded by independent study. In January 1979, there were four students in psychology, 11 in public administration, and 20 to 25 in business administration.

A Team Visit

Because of the Coordinating Board's interest in programs at military bases, the director of the Proprietary Schools and Veterans Education Division of the Texas Education Agency invited Board representatives to accompany her consultant on a site visit to the University of Northern Colorado program at Bergstrom in November 1977. (Aside from this division, which approves courses for veterans at colleges as well as schools below the college level, the responsibilities

of the Texas Education Agency are confined to non-degree granting public and private schools.) The resultant team, which spent eight hours on the base, consisted of a Board staff member, a dean from the University of Texas' San Antonio campus, and a division consultant.

The three-page report, which the team submitted to the Board the division, and the Southern Association of Colleges and Schools, stated that "there is probably close correlation between the [UNC] offerings on and off campus." Both students and faculty were complimented:

Students in all classes seemed more involved in a serious learning effort and most appeared to have read the material assigned at registration time. The texts were appropriate for the course levels....

Faculty: The faculty appeared thoroughly professional, experienced, well-prepared and with excellent credentials. If one accepts the special problem of short assignment tours for the students, the format (20 hours per weekend, two weekends in a month for four quarter hours) is justifiable. Nevertheless, it imposes tremendous strains on students and faculty which both groups acknowledged and accepted....

Concerns:....

(1) there are no computer facilities in support of the business programs....

(2) there is too great a dependence on local library facilities....

(3) the...program is financially so attractive to young faculty (up to 35% of some younger faculty incomes) as to cause its expansion to the point that UNC faculty cannot staff it and so outside--local--faculty resources may be increasingly employed....

(4) the format of the program accommodates the special military setting found at Bergstrom Air Force Base. However, it is a severe test of the stamina of students and faculty alike, this to the prejudice of program validity, overall....

Richard Bond, President of the University of Northern Colorado, felt that the Texas programs were at least as good as those on the home

campus, but admitted that the university has considered ending them. "There are a number of institutions in the field that are providing questionable programs, especially on military bases....That hurts us. We've been tarred with the same brush."⁴

Approval Agency Jurisdiction

A 1975 VA circular stated "that all subsidiary branch or extension courses operating outside the State in which approval has been granted must be approved by the SAA of the State in which the extension or branch course is operating."⁵ Supplemental instructions about extensions on military bases were issued in June 1976 because "approval jurisdictions over branches and extensions ostensibly to serve military bases have been incorrectly retained by the SAA in the State where the parent institution is located."⁶ Though these circulars and a workshop for approval agency and regional office staff, word spread that approval of the parent institution would no longer automatically extend to branch programs. Instead, these programs had to be approved by the agency in the state where they were offered.

In order to be granted a new approval, each branch or extension must:

- (1) Maintain sufficient records regarding VA beneficiaries enrolled.
- (2) Designate a certifying official.
- (3) Have the administrative capability to furnish all required reports and certifications to the VA without reference to the parent schools.
- (4) Maintain a local mailing address.⁷

Other circulars followed, liberalizing, supplementing, tightening, or expanding various procedures and requirements for the state approval agencies, VA regional staff, and the institutions.⁸ Institutions could

be approved under either Section 1775 or 1776, depending on their accredited status and approval agency requirements. The initial VA policy on "branch programs" was codified in P.L. 94-502 (1976).

In addition, the 1976 law applied the "two-year rule" which required the VA Administrator to disapprove the enrollment of eligible veterans in a course offered by designated institutions for less than two years to (1) branches or extensions of public institutions located "outside the taxing jurisdiction which supports the institution; or (2) a proprietary profit or proprietary non-profit institution...located beyond normal commuting distance of the institution." However, this rule was waived if the course was offered under a contract with the Defense Department, was approved by the state approval agency where the base was located, and was "open only to active duty military personnel and/or their dependents and/or civilian employees of the base."⁹

School applications for waivers went first to the state approval agency and then to the VA regional office which must accept the agency's course approval and the waiver. Additional conditions for waivers included:

(a) No alternative comparable courses...open to VA students are offered within normal commuting distance of the site...

(b) The compliance history of the parent institution is satisfactory. Important factors to be considered are enrollment, certification, timeliness and accuracy, false or deceptive advertising complaints, and school liability indebtedness to the VA.

(c) The course for which a waiver is requested if offered at the school's main campus is approved....

(d) All credits earned at the branch...are acceptable for transfer to the main campus without reservation.

(e) No contracts exist between the school and any other entity which provide for recruitment of students for the course in

question by the other entity, or which prevent the school's faculty and administration on the main campus from overseeing courses offered at the branch....¹⁰

An Exchange of Letters

Efforts to recruit civilian students to on-base Webster College programs led Texas Higher Education Commissioner Kenneth Ashworth to write Webster College President Leigh Gerdine on December 27, 1978:

The Texas Education Agency has just informed me...of your present intention to recruit students from the civilian community in San Antonio for degree programs you offer at military installations in or near that city. This position was announced despite your stated intention some three weeks earlier (November 1978) not to enroll civilians (other than on-base civilian employees) unless... you "have careful discussion" of such a change with representatives of the Texas Education Agency. It is my understanding that no such discussion ever took place.

It is also my understanding that at least one of the military services has stated its policy that the on-base enrollment of civilians from neighboring communities is encouraged (a) where local colleges and universities are not available to the people of the community, especially in remote geographical areas, and (b) when such civilian participation will be an asset to community relations. In respect to point (a),...most military bases in this state are near well-established Texas institutions, public and private, with wide-ranging degree programs. In the matter of point (b), community relations...could hardly be enhanced by the intrusion of any off-campus operation, like yours, which does not have to underwrite costs of classroom and library facilities, provide complete counseling services and instruction by regular faculty persons, or provide other features of on-campus operations typically found at local institutions.

To which President Gerdine responded on January 16, 1979:

All of the programs which Webster College offers on federal enclaves within...Texas are now more than two years old, fulfilling thus the time eligibility requirements of P.L. 94-502 and P.L. 95-202. Our coordinators at sites in Texas have, from time to time, had informal discussions with the Texas Education Agency which indicate to us that there is no barrier against our enrolling civilians who might be well-served by our programs in specific instances....

It is our understanding that the enrollment of appropriate civilians is authorized by P.L. 94-502 and P.L. 95-502, that we have met all the prerequisites to do so, and that the Texas

Education Agency has the authority to grant us authorization.

The Texas Education Agency has not raised with us any question as to our authority to proceed... We are hopeful that they will not raise objection, and that we may, within the limits of the legislation, service those students who want to come to us.

The Exemption of Accredited Institutions

Ashworth and the Coordinating Board were dissatisfied with their lack of power over the activities of accredited out-of-state schools. In 1975, the legislature passed a law regulating private degree-granting institutions. Degree mills were the original target; the law sought to "prevent deception of the public resulting from the conferring and use of fraudulent or substandard...degrees" and to protect "legitimate institutions...and those holding degrees from them...."

The law required certain private institutions offering degrees to obtain "certificates of authority" from the Coordinating Board. Institutions accredited, or candidates for accreditation, by the regional associations, the American Association of Bible Colleges, and the Association of Theological Schools of the United States and Canada were exempted, if they "maintain accreditation standards acceptable to the board."

Unaccredited institutions obtained certificates after an on-site review by a team of evaluators and the favorable recommendation of a Certification Committee.

Certificates were valid for two years, and the institution must then be reevaluated. Institutions--accredited or nonaccredited--which sought to offer new or different degree programs had to apply for an

amendment to their certificate. Certificates could be revoked for untrue application statements; failure to maintain faculty, facilities, equipment, and programs set forth in the application; false or deceptive advertising; or violations of Board rules.

Since 1975, 30 unaccredited private degree-granting institutions have applied for certificates. As of January 1979, 13 had received them, 12 applications had been withdrawn or rejected, and five were under consideration.

Commissioner Ashworth has threatened to withdraw the exemption of regionally accredited out-of-state institutions from certification. In May 1978, he sent a letter to the directors of the six regional accrediting associations:

Members of our statewide Advisory Council on Private Degree Institutions discussed...their great concern for ensuring quality of off-campus activities at Texas locations by institutions accredited in other states. The council subsequently recommended to the Coordinating Board that it inform the accrediting associations of the concern and provide time for them to strengthen their procedures and take strong action if this is not done.

The Advisory Council unanimously agreed that we must insist upon (1) on-site evaluations by...accrediting associations to ensure that the standards of the association are being met at each satellite operation; and (2) that there be assurance of adequate supervision of each of the satellite operations. Specifically, the Committee recommended to the Coordinating Board the following action:

"That the Coordinating Board withdraw designation as a recognized accrediting agency from any accreditation association which has not by April 1, 1979, provided adequate assurance to the Coordinating Board that the education activities of its constituent institutions at each Texas location are meeting the accreditation standards of the association and are being adequately supervised."

The Board adopted the recommendation of this committee on April 20, 1978. This, in effect, means that the accrediting association will have a year to implement procedures which assure the quality of the out-of-state operations and the integrity of the accrediting process.¹¹

In February 1978, staff of the regional associations met in Atlanta and agreed upon a procedure under which branch operations would be evaluated by a visiting team representing the regionals of both the home campus and the branch site. A branch found deficient under the home regional's criteria would be given an opportunity to meet them or to close down. By February 1979, all the regionals had formally adopted the agreement drafted by their staff and a stepped-up program of branch visits was being planned. For example, some 20 consultants, in two-man teams (with one member from the Western and one from the appropriate regional), were to visit Pepperdine University's extension sites scattered across the country.

The Texas Coordinating Board has debated its future course. Some members favor retaining the exemption for accredited institutions. They argued that the regionals were trying to correct past negligence; would cooperate more fully, given time; and needed support, not repudiation, by state agencies. They were also concerned about a possible suit, such as Nova University has brought against North Carolina, charging discrimination and restraint of trade. How could Texas maintain different regulations for out-of-state and in-state institutions?

Others argued that the accrediting associations lacked the resources and the power to handle the problem, which was simply too big for them. To remove the exemption of accredited institutions would not repudiate but would strengthen accreditation, which rested, or should rest, on a firm foundation of state licensing.

To avoid the charge of discrimination, the Board might require certification only of institutions established after a given date, such as 1970, thus effectively exempting most in-state institutions.

The Juarez-Lincoln Center

The Juarez-Lincoln Center of Antioch University was established in Austin in 1971 as a Chicano version of "the university without walls." There were three other centers in Texas, and about 120 students at the Austin site. The state approval agency and VA regional office found numerous problems with the records, reporting, and practices of the bilingual Juarez-Lincoln campus. After repeated visits, the state agency withdrew approval in December 1977. The VA had visited the school in October 1976 and May 1977; the state agency, five times between November 1976 and December 1977. The problems identified by the VA and verified by the state included inaccurate attendance reports, missing statements of student performance sheets, missing grades or faculty evaluations, missing degree plans stating veterans' educational objectives, and the certification of full-time attendance for veterans attending three-quarters time.

Discussion

The state agency had approved Juarez-Lincoln courses under Section 1775, as accredited, but might add additional criteria to such an approval in the future. It already required accredited proprietary schools to meet all Section 1776 criteria for approval under Section 1775(!). All or some of these criteria might also be required of regionally credited institutions. The agency accepted the certifications of the coordinating Board as the basis of its approval of courses at higher educational institutions. It also accepted the Board's exemption of schools accredited by associations which the Board recognized. But if the Board changed its policy, the agency might do so also. Agency

head Janice Boyd was growing disillusioned with regional accrediting:

It's pretty clear...that virtually all the accrediting associations simply extend the scope of their accreditation to the remote sites. They can't know that the remote sites meet their criteria....Juarez-Lincoln made us understand that the assumptions we had made about the quality tests applied by accrediting associations weren't necessarily valid....If the states have got the mechanisms to look at these schools and license them, and if you've already got another staff in place, taking in thirty or forty more schools really doesn't put that much more of a burden on you.

One state official doubted that the regionals would or could deal adequately with the branch campus problem. He conceded that the Coordinating Board had placed disproportionate emphasis on the relatively minor, if blatant, activities of a few out-of-state "flim-flam" institutions, currently beyond Coordinating Board reach. Its power would be increased if the function of approving courses for veterans (or at least, courses at degree-granting institutions) were placed under the Board, since the VA steps in where accreditors and legislators fear to tread.

Footnotes

1. Leonard Reed and Saralee Tiede, "The University of Northern Colorado--At Austin," Dallas Times Herald, March 20, 1978, pp. 1, 22c.
2. American Technological University, 1978-1980 Catalogue, Upper Division--Graduate, p. 14.
3. 1979 Catalogue, University of Northern Colorado, Center for Special and Advanced Programs, p. 2.
4. Dallas Times Herald, March 20, 1978, p. 22.
5. Department of Veterans Benefits, Circular 20-75-93, Change 1, November 13, 1975, p. 1.
6. Department of Veterans Benefits, Circular 20-76-48, June 23, 1976, p. 1.
7. Ibid., p. 3.
8. See DVB Circulars 20-77-10, January 25, 1977, and 20-77-99, December 8, 1977.

9. Department of Veterans Affairs, Circular 20-77-99, Appendix F, February 15, 1978, p. 2.

10. Ibid., p. 3.

11. May 5, 1978 letter from Kenneth Ashworth to Kay J. Anderson, Executive Director, Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges.

10. FLIGHT SCHOOL APPROVALS

The VA provides benefits to qualified veterans participating in approved flight training programs. Such training is expensive. That for a commercial pilot's license can cost from \$5,500 to \$7,000; for an instructor's rating, at least \$2,500. Depending on the hourly rates for the aircraft, it can cost \$6,000 for five months, or \$3,000 for 6 hours of Lear jet training. At these rates, a veteran's total entitlement of \$13,000 (\$288 per month for 45 months) can soon be exhausted.

From the start, flight training has been controversial. Critics have argued that it is avocational for many veterans. In August 1977, Administrator Cleland wrote the House Committee on Veterans Affairs that benefits should be terminated. "Years of experience...has convinced us that flight and correspondence programs have not fulfilled their intended purposes--helping the beneficiary adjust to his or her changed circumstances by providing the training required for basic employment objectives."¹ Abuses have been publicized since the end of World War II when unscrupulous schools engaged in collusion with vets, giving them automobiles in lieu of instruction. In 1950, P.L. 81-610, outlawing avocational courses, provided that approval of flight training required affidavits by "two competent disinterested persons that such training would be useful to the veteran in connection with earning a livelihood."²

In 1967, P.L. 90-77 restricted veteran eligibility to those who had 40 hours of prior flight training. In response, dishonest schools padded log books to show hours of training which had, in fact, not been

provided. In 1970, the law limited eligibility to those who could meet necessary medical requirements for a commercial pilot's license and had already, on their own, obtained a private pilot's license (which costs \$900 to \$1,500).³ VA now reimburses only 90 percent of established charges for tuition and fees. Payments are "not authorized for non-instructional services and amenities [such as lodging or meals] which may be provided ... in conjunction with a course of flight instruction."⁴ As with correspondence programs, payment is made after the veteran and the school certify the training received each month.

Students

Of the 7.2 million veterans and servicemen who had received benefits from the current GI Bill as of July 31, 1978, 155,290 had taken some flight training. In fiscal year 1978, the 20,384 in training received \$65 million. As with other programs, the numbers in training are rapidly dropping (Table 12).

Table 12

Number of Veterans and Servicemen
in Flight Training, July 1978 and 1977

Trainee	1978*	1977*
Veterans	9,834	22,475
Servicemen	3,186	3,034
Total	13,020	25,509

*As of July 31.

Data on the completion and skill-use rates for flight training are contradictory. One VA study indicated a 71 percent completion rate and a skill-use rate of 68 percent.⁵ In contrast, a General Accounting Office study indicated that flight training had a completion rate of 52 percent and the lowest skill-use rate of any veterans' training program--41 percent.⁶ But the GAO study did not distinguish between part- and full-time employment, and many pilots are employed only part-time. In 1977 Congressional testimony, Administrator Cleland cited the lower completion estimate as a reason for eliminating flight benefits.

Census Bureau figures for 1975 indicate that...60,000 persons earn their living in occupations to which flight training programs are relevant. Since 1967, more than double that number of flight programs trainees...have received GI Bill benefits, indicating that many...are not employed in occupations related to their flight training. The majority of flight training hours are incurred on weekends, suggesting that the veteran is regularly employed during the week. Flight courses are expensive, rapidly using up a veteran's educational entitlement. In addition,...only 60 percent of flight students training under the GI Bill complete their programs.⁷

In rebuttal, industry and school spokesmen testified to the growing demand for corporate, feeder, freight, and air taxi pilots, to demonstrate that flying was not just a pastime for rich doctors. The VA lost the argument. Hill staffers say that the evidence on usefulness was ambiguous, that flying is an asset to veterans in big western states, and that Congressmen from these states are committed to the program. A VA official says, "...flight schools have a lot of clout with Congress. It's as simple as that."

Schools

Most flight schools are small, for-profit, fixed-base operations with few students. Often their primary mission is selling airplanes;

training is an auxiliary service. Until recently, a high proportion of their students have been veterans or servicemen receiving VA benefits. At the three schools we visited in early 1979, veteran enrollments ranged between 23 and 35 percent.

Few schools are accredited. In May 1979, the National Association of Trade and Technical Schools (NATTS) accredited only five. NATTS relies upon FAA standards for curriculum content and concentrates its review on business practices, financial stability, recordkeeping, and advertising. A few flight programs are part of institutions accredited by regional associations. The University of Minnesota, for example, has two flight schools accredited by the North Central Association. The approval of accredited programs under Sec. 1775 is less complicated than that of unaccredited programs. Nonetheless, the paperwork is horrendous, as one accredited school we visited attested--far greater than for any other veteran training program, including on-the-job programs. Though its courses were approved as accredited, one public vocational-technical institute with an excellent reputation asked the state approval agency to withdraw approval from all its six flight training programs, to escape the onerous paperwork involved for the few veterans who had enrolled (six in the past seven years).

Many flight schools, especially those with a certificate from the Federal Aviation Administration, are exempt from state licensure. In April 1978, the FAA listed 1,500 schools meeting its certificate standards. Base schools and "satellite schools" operating within a 25-mile radius were separately identified. The survey on which the 1971 Office of Education Directory of Postsecondary Schools with Occupational Programs, Public and Private was based identified 1,861 flight schools.⁸

FAA Standards

The Federal Aviation Act of 1958 as amended gave the Administrator statutory responsibility to establish and enforce standards for the training and testing of airmen. Persons directly involved in the operation, maintenance, and air traffic control of aircraft--pilots, flight engineers, navigators, aviation mechanics, air traffic controllers, aircraft dispatchers, parachute riggers--must hold an FAA certificate with appropriate ratings. The FAA certifies pilot schools and their instructors and mechanic schools.

Pilot Certificates

For a pilot's certificate, the applicant must meet prescribed standards of training and experience and pass written and flight examinations. There are four pilot categories: student, private, commercial, and airline transport. Separate pilot ratings are required for different types of aircraft. Instrument ratings are optional for private commercial pilots and mandatory for airline transport pilot certificates.

School Certificates

In 1974, FAA regulations on the training, testing, and certification of pilots were strengthened. They set detailed national standards for the curricula, facilities, personnel, equipment, operating rules, and recordkeeping of certified flight schools. To be certified, a school must show that:

...within the 24 months before...application, it has trained and recommended for pilot certification and rating tests, at least 10 applicants for pilot certificates and ratings and at least 8 of the 10 most recent graduates tested by an FAA inspector or designated pilot examiner, passed that test the first time.

Unless revoked, surrendered, or suspended, pilot school certificates are valid for two years. The certificate can be amended to reflect changes of ownership if the FAA is notified within 30 days and no change "in the facilities, instructor, personnel or training course is involved." Satellite bases are included if

- (a) The satellite base is located not more than 25 nautical miles from its main operations base;
- (b) The airport, facilities, and personnel used at the satellite base meets the appropriate requirements...;
- (c) The instructors are under the direct supervision of the chief instructor for the appropriate training course, who is readily available for consultation; and
- (d) The FAA District Office having jurisdiction over the area in which the school is located is notified in writing if training or instruction is conducted there for more than seven consecutive days.

Upon enrollment, certified schools must furnish each student in each approved course information on the name of the course, date of enrollment, a copy of the training syllabus, and safety instructions governing the use of facilities and aircraft. The syllabus should include "the stage of training (including standards therefor) normally accomplished within each training period of not more than 90 days." Within five days, a copy of the enrollment certificate is forwarded to the FAA District Office.

FAA-mandated recordkeeping requirements include "a chronological log of the student's attendance, the subjects and flight operation covered, and the names and grades of any tests taken" as well as the date of graduation or transfer. These records must be held for one year. Minimum curriculum guidelines are prescribed for courses in private pilot certification; private pilot tests; instrument rating; commercial pilot certification; commercial pilot tests; Rotocraft, glider-

ders, lighter-than-air aircraft, and aircraft rating; pilot ground school; and final test preparation.

Monitoring and Surveillance

Since 1974, concurrent with the new requirements, school surveillance has become a priority item. School inspection and certification is the responsibility of 470 general aviation operations inspectors located in 71 General Aviation and Flight Standards District Offices (GADOs and FSDOs) which report to 10 FAA regional offices. To qualify, operations inspectors must have five years experience and meet rigorous specialized job requirements. FAA operates its own personnel training school in Oklahoma City for the initial and recurrent training of its inspectors.

GADO aviation operations inspectors devote about ten percent of their time to school monitoring and certification. Announced school inspections are scheduled every six months. Reports are sent to regional offices, which check on GADO activities by evaluation visits and occasional "special team" visits to schools in different jurisdictions.

At the average GS-13 salary of \$32,000, the fiscal year 1979 budget for the salaries of the 470 district office inspectors was roughly \$15 million (excluding benefits, overhead, and support staff). If 10 percent of inspectors' time was devoted to the certification and monitoring of flight schools, the FAA approval system cost over \$1.5 million a year.

Course Approvals for Veterans

Flight school course approvals for veterans are time-consuming and expensive--by far the most expensive of any course approvals. VA paid state agencies \$940,000 for this work in 1978, an average of

\$819 for each of the 1,148 flight schools at which 26,847 veterans were enrolled during the year.

Schools seeking to enroll veterans must submit a written application to the state approval agency assuring that: (1) Prior to enrollment, veterans must have a second-class medical certificate (required for a commercial pilot license) issued by an FAA-approved medical examiner; and (2) the course is approved by the FAA and includes necessary ground instruction.

Criteria

The state agency approval concentrates on consumer protection measures and benefit determinations, not on the standards of training, which are set by the FAA. Since most schools are unaccredited, the agency must (under the provisions of Sec. 1776 and VA regulations) determine that they do not use false advertising; are financially sound; have adequate "space, equipment, instructional materials and... personnel to provide training of good quality"; and have a pro-rata refund policy. An enrollment limitation, an 85:15 ratio of veterans to nonveterans, two years prior offering, and 50 percent employment of graduates are supposedly required for each course.

The following Ohio state approval agency guide to field personnel regarding the two-year rule for flight courses demonstrates the maddening complexity of the state approval agency's regulatory task.

A course offered by a school will be appropriate for the enrollments of a vet...only if it has been in operation for two years or more immediately prior to the date of enrollment of the veteran, except that this provision does not apply to any course which is similar in character to one previously offered by the school for more than two years. The Veterans Administration has ruled that a private pilot course will not be considered to be similar in character to any advanced flight course. Advanced flight courses may be considered similar in character to each other.

While we agree that the private pilot course in itself is not a vocational course approval for veterans' training purposes, we recognize that it is part of the commercial pilot course....We also recognize that training processes are similar to those employed in the advanced courses. Therefore, for purposes of establishing a beginning date of the two-year period and continuous operation for 24 months, training in the private pilot course may be considered if it is followed by identifiable advanced training at the school beyond the private pilot level....

Evidence to verify the two years of operation may be found in students' personal logs, school logs, instructors' logs, airplane logs, charge tickets, ledgers or other records which establish that training is given by the school. The responsibility for making available evidence to substantiate a finding that the two-year requirement is met rests with the school....

Where a course is started by a school with instructions provided to students in such courses, any reasonable period of time in excess of 30 days, where the school has instructors and classrooms available but no students have enrolled during this period, will not break the continuity of operation of the course. In these cases, the two-year period of operation will not be met until the period when no students were enrolled in the course is added to the initial two-year period. This period, not to be in excess of 3 months, is to be added to the end of the original two-year requirement.

One school operator noted that the major effect of the two-year rule was felt by the "little guy." While it put a few schools out of business, it encouraged mergers with schools which had been in business at least two years. VA staff believe that the state agencies tend to approve courses which give veterans maximum benefits.

A November 1978 VA circular sought to control school "freebies" offered to attract enrollments:

...approvals must reflect a school's charge for flight instruction only. The cost of books, supplies, transportation, and lodging cannot be included in the approval charges for certification to the VA....SAA representatives should closely examine school advertising materials, course outlines, financial statements, etc., to ensure that the cost of non-instructional services and amenities are not included in charges approved by the SAA....If a school cannot satisfactorily demonstrate that students are not being charged in whole or in part for advertised "free" amenities, the evidence will be

referred to the VA regional office together with an amended course approval for lesser flight charges, a suspension of approval or a withdrawal of approval.

A September 1978 circular imposed new approval restrictions on the exact length of ground school training, pre- and post-flight training, course lengths, and variation due to individual progress:

(1) An eligible student who, because of his or her individual progress needs a limited amount of additional training to complete the course may receive benefits for required additional training of up to 10 percent above the FAA/SAA-approved course length....

(2) In all cases, the flight school must document that additional training is necessary due to the eligible student's individual progress.

(a) The school's documentation...should identify the specific area(s) of student deficiency which necessitate(s) an extension of training.

(b) The revised enrollment certification is to be submitted when the school first determines the student will be unable to complete training within the approved course length. The school will report the new total number of hours for each component (e.g., solo, dual, ground school) of the flight course curriculum....

These new requirements are seen by flight schools as evidence that, since VA was unsuccessful in terminating the flight training benefits by legislation, "they have turned to other means to try to make it administratively impossible for a flight school to operate with VA flight training students."⁹

One perplexed school owner wanting to do the right thing, but totally baffled by the new circular, asked the state agency for advice. He was told to get a letter from the GADO stating that the hours for pre- and post-training were within FAA guidelines. This response indicates the multiplier effect of regulation, with (1) the burden falling on the school, which must write to the FAA; (2) the

FAA, which must respond; (3) the state approval agency, which must check that this is done and forward the information to (4) the VA regional officer, who must check to see if it is acceptable and enforceable, and then communicate with the state agency, VA adjudicators, and, perhaps, the school.

One state agency checklist for flight school approvals had 32 separate items. Almost one-third were designed to ensure that the veteran was not taking anything that the VA would not reimburse:

Is pre- and post-instruction properly recorded and understood as that instruction given before and after a flight?

Does the ground training record show date, time, subject, and the full signatures of the student and instructor?

Are veterans required to fly minimum hours or terminated?

Has the necessity of keeping accurate hour meter logs been discussed?

Is a daily flight record maintained?

Do veterans sign school training logs for both dual and solo instruction?

Have current charges and aircraft been approved?

Approval agencies must check aircraft identification numbers (quite a task with big schools which constantly change planes) to assure the safety and availability of aircraft. If a student wants to fly his own plane, the agency must first approve it. The agency also collects a complete copy of the GADO-approved curriculum for each course, which can fill several cartons. It examines the school's 50 percent employment survey returns, financial statement, evidence that courses have operated for two years, lease agreements for any privately owned aircraft, a signed civil rights compliance statement, and, in some states, statements on advertising.

Though VA regulations are designed to see that veterans pay the same as non-veterans, state agencies sometimes approve higher course rates for veterans. That is because agency staff (and VA regional education officers) often sympathize with school operators and their veteran students, consider many VA rules unreasonable and discriminatory, and want to simplify paperwork for themselves and the schools. One agency commonly approved the maximum hourly rates at schools it trusted not to abuse this approval, to make allowance for the time taken in the approval process, the constant inflation of costs, and the brevity of courses. The practice also reduced the need for a school to submit, and for the agency to process, a new application every time a course rate changed.

Approving Approvals

When the state agency sends a copy of the notice of approval and supporting documents to the regional office, the educational liaison officer verifies all the information submitted and enters it on a VA form designed for use in benefit determinations. The school's capacity by course, available aircraft, flight instruction time, maximum flight hours by course (based on FAA minimums), hours of ground instruction, pre- and post-flight briefings and critiques, enrollment, and the 50 percent employment reports are scrutinized. A cost outline for each course is prepared based on aircraft horsepower, and dual versus solo training, and the maximum costs are calculated. The instructional hours and other information must be verified by the school syllabus; each page is approved and stamped by the FAA.

One educational officer has had a direct arrangement with flight schools. Because state agency approvals were so complex and rates

and hours changed frequently, flight school approvals were often referred back to the state agency for additional information. The agency often neglected to notify schools of the delay and veterans, enrolled when the agency's approval notice was received by the school, failed to receive their benefits. To correct this situation, the education officer began sending a copy of the final, internal regional office form to the school.

The officer believes that this procedure should be adopted by other regions. But VA headquarters staff strongly disapprove of the practice, since they regard the form as an internal document. Knowing the contents, a school could tailor its courses to maximize benefits, and shift responsibility for any abuse to the VA.

Double Visits

Supervisory visits to approved flight schools are conducted yearly by both VA and state staff. State officials use long checklists to ensure that all is, or seems to be, in order. Regional officers first inspect the medical certificates, pilot licenses, and other requirements for veterans' eligibility. They then examine records, including daily flight records, individual student logs, engine log books, flight ticket charges for plane rental, and records of the hours or units of flight and ground instruction completed by the student. They should verify I.D. numbers for each aircraft used in instruction and pay close attention to records of progress. Indicators of questionable progress include a pattern of once-a-month flights over an extended period of time; a large amount of solo and small amount of dual instruction in a commercial course; and periods of concentrated activity alternating with long periods of inactivity. They may check

the promptness of school reporting, the 85:15 ratio of veteran:non-veteran students in each course, and that non-veteran students have a private pilot license and pay the same tuition charges as veterans. They check compliance with enrollment limitations set by the state agency, the refund policy, advertising, and the 50 percent survey methodology.

The School Perspective

Flight school owners understand the VA desire to reimburse only qualified veterans for training at a qualified school, but question the merits of the present laborious and duplicative FAA-VA-state licensure-state approval system. "...when there are too many people, you can't please everyone," commented one owner who maintains several small airport schools with a total of 250 students, 25 to 40 percent of whom are veterans. Each location is treated by FAA and VA as a different school. Each has its own certificate and state course approvals. The schools come under the jurisdiction of three FAA General Aviation District Offices in two states, two state approval agencies, and two VA regional offices. GADO and state inspectors visit twice, and regional inspectors, at least once, a year. One owner rated GADO inspectors the most knowledgeable and consistent. "The FAA gets on you and stays on you." His experience with the state agencies was more erratic. "They come in and then they are gone."

One school we visited came under state licensure, renewable every two years. A state approval official visited four times a year, spending half a day examining student files, to see that the right charges and refunds had been made and that the state had been notified of changes in instructors. (Refund policy is not a big problem at flight schools, as students pay as they go.)

One school let its state approval lapse because of the decline in enrollment and the cost of compliance. The school had needed a full-time clerk to maintain adequate VA records.

Discussion

The duplication of state and VA activities and paperwork appears to be not only excessive but ineffective. One school owner remarked that though no more veteran doctors were flying, the dentists were still airborne. A state official estimated that 20 percent of veterans were training for a serious vocational purpose.

What role do the state agencies play? One state official wrote that their work was accepted only when the VA agreed with it. "...where there is a conflict, the SAA has no authority and can be overridden, usually by the VA central office."

But in another state with many flight schools, the state agency director insisted that the agency's role was significant. "We serve as a filter. The GADOs don't know what they are approving, stamping it page by page. There is no communication between [them]...and the state. We...apply common criteria. And GADOs are not interested in the student." In a third state, the value of Sec. 1776 in protecting students was stressed. In a fourth state, the merit of the enrollment contract stating the costs of courses was cited. But not all state agencies require this contract, and agencies are under pressure to extend the length of the contract (now six months) to cover the full course, which may take two years. It seems clear that the VA could rely solely on the FAA standards and state licensure requirements. However, state approval serves as a useful substitute for licensure, and a useful protection for students, in states which exempt flight schools from licensure.

Footnotes

1. Report on the GI Bill Improvement Act of 1977, House Committee on Veterans Affairs, 95th Congress, First Session, August 5, 1977, p. 20.
2. Readjustment Benefits... (the Bradley Commission Report), House Committee on Veterans Affairs, 84th Congress, Second Session, 1956 Staff Report, pp. 64-65.
3. According to VA Regulation 21.4252(c), "Enrollment in a course of flight training to obtain a private pilot's license or equivalent level training under chapter 34, and flight training at any level under chapter 35, will not be approved except one given by an institution of higher learning for credit toward the standard collegiate degree for which the veteran or eligible person is enrolled."
4. Department of Veterans Benefits Circular, Nov. 16, 1978, p.1.
5. Training by Correspondence Under the GI Bill, Veterans Administration, June 1976, p. 9.
6. Veterans' Responses to Questionnaires on the Operation and Effect of VA Educational Assistance Programs, General Accounting Office, 1976, pp. 8, 12, 2.
7. Report on GI Bill Improvement Act of 1977, op. cit., p. 20.
8. Orlans et al., Private Accreditation and Public Eligibility, National Academy of Public Administration Foundation, 1974, p. 306.
9. "Combined Interests Save VA Training," General Aviation News, July 3, 1978.

11. JOB TRAINING PROGRAMS

Since P.L. 78-346 (1944), VA has provided a training assistance allowance to veterans participating full-time in an approved apprenticeship or on-the-job training program. (On-the-job training was excluded originally from the 1966 GI Bill, but reinstated within a year). The former seeks to train a worker in the full range of a craft; the latter, to bring him in a shorter time to an acceptable skill level for a particular job.

The monthly benefit for both programs is lower than for veterans enrolled in school, since the veteran also receives a wage, and the benefit declines every six months as the wage increases.

An apprentice may continue to receive some benefit for up to 45 months; other on-the-job benefits are limited to a period of no less than six months nor more than two years (Table 13). Veterans may receive benefits for two years of on-the-job training and (being entitled to at least one change of program) use their remaining entitlement at school or another training program. However, many avoid, and are counselled against, on-the-job because of its lower benefits. At 1979 rates, a veteran with no dependents would receive \$3,384 in a two-year period of job training, compared to \$7,464 for full-time or \$3,744 for half-time school enrollment. Though the veteran's income is supplemented by some wage from his employer, the benefit rate appears to discourage on-the-job training which the VA and state agencies otherwise do much to promote.

Significance of the Program

Of the 5.9 million veterans and servicemen who had benefited from the current GI Bill as of September 1978, 465,000 or 7.9 per-

Table 13

Monthly GI Bill Benefit Rates, January 1979

Type of Training	Number of Dependents			
	None	One	Two	Each Additional
College or vocational school				
Full-time	\$311	\$370	\$422	\$26
Three-quarter time	233	277	317	19
Half-time	156	185	211	13
Flight school	One-month entitlement for each \$288 paid.			
Correspondence school	One-month entitlement for each \$311 paid.			
Active duty servicemen or veterans enrolled less than half-time	Tuition cost at maximum of \$311 for full-time, \$233 for 3/4 time, \$156 for 1/2 time or less but more than 1/4 time, \$78 for 1/4 time or less.			
On-the-job or apprenticeship				
First 6 months	\$266	\$254	\$277	\$12
Second 6 months	169	197	221	12
Third 6 months	113	141	164	12
Subsequent 6-month periods	56	84	108	12

Source: VA, Federal Benefits for Veterans and Dependents, Fact Sheet, Jan. 1, 1979, p. 16.

cent received apprenticeship and other on-the-job training. That is lower than the 17.9 percent of World War II and 9.3 percent of Korean War veterans,¹ in keeping with the proportionate reduction in vocational and increase in higher educational training in each succeeding period.

A 1978 General Accounting Office survey found that 85 percent of veterans who received apprentice, and 77 percent of those in other on-the-job, training achieved their primary educational objectives, compared to 56 and 49 percent, respectively, of those who enrolled in undergraduate college and vocational technical programs.² Some 89 and 86 percent, respectively, of those who completed apprenticeship and on-the-job training were placed in jobs related to their training, compared to 44 and 43 percent, respectively, of those who completed undergraduate and vocational technical programs.³ A majority of both those who did and did not complete apprenticeship and on-the-job training said that it had been "extremely useful."⁴

However, 84 percent of apprentice and 78 percent of on-the-job trainees said that they would have received training without benefits, compared to less than half who attended undergraduate and vocational technical programs.⁵

On-the-job approvals are costly. Some 43 percent of the contract costs of state approval agencies in 1978 were attributable to the on-the-job and apprenticeship approvals for 93,578 trainees, or about \$60 per trainee compared to \$5 for each trainee at an educational institution.

Approval Process

For all types of on-the-job training, the state approval agencies

respond to requests of employers, veterans, Comprehensive Employment Training Act officials, and others. In addition, their contracts require special efforts to develop on-the-job programs, as time permits. In all cases, the prospective employer must indicate a willingness to provide training. Within 30 days after a request is received, an agency staff member must visit the employer to establish or review the training program. Initial visits may range from an hour to half a day, depending on the employer's knowledge of VA regulations and program design, and his record-keeping capacity. Large companies often have one employee assigned to work with the state agency, but agency staff commonly help to prepare as well as approve programs at small firms, especially for on-the-job training. Most apprenticeship approvals are simpler, because of the agency's reliance on the standards and activities of the Department of Labor. The details vary somewhat from state to state, depending on the departmental location of the approval agency and its customary approval procedures.

Apprenticeship Program

In April 1978, 31,009, and, in the entire 1978 fiscal year, 48,858 veterans received benefits for apprenticeship training. Yet the Department of Labor reported 72,838 veterans in registered programs as of June 30, 1978. Since veterans can receive benefits in either registered or unregistered programs, and half of the nation's apprenticeships were unregistered, from 40,000 to perhaps as many as 80,000 veteran apprentices may not have collected benefits. One exception was Pennsylvania (Table 14) where an estimated

Table 14

Number of Veterans in Registered Apprenticeship Programs, and Number and Percent Receiving Benefits in Ten States with the Largest Contracts for Approving Job Establishments

State	1979 Contract (1)	Number of Veterans		Percent Receiving Benefits ^c (4)
		in Registered Apprentice- ship Programs ^a (2)	Receiving Apprentice- ship Benefits ^b (3)	
California*	\$516,350	9,438	2,920	31
New York*	446,200	3,923	1,391	35
Pennsylvania°	292,100	1,234	1,856	100+ ^d
Wisconsin*	230,000	2,016	1,071	53
Alabama°	226,550	998	444	44
North Carolina	211,600	1,638	877	54
Louisiana*	194,350	3,245	1,109	34
Texas	190,900	2,736	1,630	60
Ohio*	186,300	3,378	1,555	46
Michigan°	151,800	4,186	1,572	38

* Approval agency located in state apprenticeship council.

° On-the-job approvals conducted by a separate agency.

a. As of April 1978.

b. As of June 30, 1978.

c. Column (3) as a percent of Column (2).

d. There are many unregistered programs in Pennsylvania.

85 percent of apprentices collecting benefits were in unregistered programs of federal activities, such as the U.S. Naval Shipyard in Philadelphia; and corporations such as General Electric, Bethlehem Steel, and U.S. Steel.

VA staff believe that the entitlement or delimiting date of many veteran apprentices has expired or they may prefer to use their benefits in part-time school or to save them for subsequent school enrollment. Some approval agency staff believe that more veterans use their benefits when apprenticeship approvals are handled by a state department of labor, but the data do not confirm this.

The Definition of Apprenticeship

According to the Department of Labor,

Apprenticeship is a training system in which a person learns a skilled trade on the job under an experienced craft worker and in related classroom instruction. Apprentices are paid while they train, usually at progressive rates from a starting wage of about half the journeyman's rate up to 90 percent of full pay near the end of their apprenticeship.⁶

The training period runs from one to six years with most apprenticeships requiring four years. Apprenticeship programs are conducted by employers. Registered programs are usually conducted in concert with labor unions; required formal instruction is often given in local vocational schools. In many localities, the major crafts have joint labor-management apprenticeship committees of four to six members, half union and half management representatives, who conduct, supervise, and finance their craft's program. Where there is no joint apprenticeship committee, an advisory committee made up of the company's production manager and one or more foremen and skilled workers takes on the planning and supervisory role. In either case,

the committee must: 1. set the training standards, designating the occupations, length of training, selection procedures, wages, tests, and number of apprentices; 2. arrange for related classroom instruction; and 3. write up the basic details and standards.⁷

National apprenticeship standards have been published for at least 125 occupations, and state apprenticeship agencies and/or the Secretary of Labor's committee have suggested standards for many other crafts.

Apprenticeship Approval Criteria

VA Regulation 14261 requires that the written application from a training establishment⁸ to the state approval agency set forth:

1. The title and description of the specific job objective for which the veteran or eligible person is to be trained;
2. The length of the training period;
3. A schedule listing various operations for the major kinds of work or tasks to be learned and the approximate length of time to be spent on each;
4. The number of hours of supplemental related instruction required; and
5. Any additional information required by the state agency.

In effect, the application serves the same purpose as an institutional catalog. Title 38 provides that an apprenticeship training program may be approved when the establishment and its courses are found to have met the apprenticeship standards published by the Secretary of Labor. VA makes a careful, controversial distinction between the Secretary's published standards and registration and equal opportunity criteria.

The Secretary's basic standards, first promulgated under the Fitzgerald Act of 1937, provide that:

- o The starting age of an apprentice is not less than 16;
- o There is full and fair opportunity to apply for apprenticeship;
- o There is a schedule of work processes in which an apprentice is to receive training and experience on the job;
- o The program includes organized instruction designed to provide apprentices with knowledge in technical subjects related to their trade (a minimum of 144 hours per year is normally considered necessary);
- o There is a progressively increasing schedule of wages with entry wage not less than the minimum wage prescribed by the Fair Labor Standards Act (unless a higher wage is required by other laws or bargaining agreements);
- o Proper supervision of on-the-job training with adequate facilities to train apprentices is ensured;
- o The apprentice's progress, both in job performance and related instruction, is evaluated periodically and records are maintained;
- o There is employee-employer cooperation;
- o Successful completions are recognized by an appropriate certificate; and
- o There is no discrimination in any phase of selection, employment, or training.

In addition, a program must guarantee credit for previously acquired experience, training, or skills, and wages commensurate with such skills. Apprenticeship approval criteria blur the standard distinction between VA responsibility for determining veteran eligibility and state agency responsibility for program approval. Because of the direct link between training objectives and employment, state approvals involve a judgment of both the validity of the program and the legitimacy of the benefit. Instituted as a safeguard against abuse, this link between program approval and the individual veteran is regarded as a major factor in the 89 percent placement rate of veterans who have completed apprenticeship training.

Exclusions

The state agency cannot approve an apprenticeship program if the veteran is already qualified for the objective; is in a federal,

state, or municipal journeyman-level job; is performing the job operations of the objective in essentially the same manner as a journeyman and not receiving organized instruction (e.g., a barber trainee who gives haircuts just as regular barbers do in the same shop); is receiving journeyman-level wages; or has completed a course at a school whose graduates commonly obtain employment in that job objective without apprenticeship. The exclusions do not preclude apprenticeship training if it is required by state law or licensing and there is a bona fide training program approved by the state approving agency.¹⁰ Selling, retailing, managerial, clerical, professional, semiprofessional, and agricultural programs are barred.

While Title 38 permits the state agency to add additional approval criteria, the VA procedures manual cautions that criteria should bear directly on the quality of either the training or such administrative requirements as recordkeeping and reporting. Regional offices are advised that any additional criteria "not appearing to be concerned with these areas should be called to the attention of the SAA, and if the matter is not resolved locally, the facts should be referred to Central Office for a determination."¹¹

To establish compliance with the Secretary of Labor's standards, the approval agency usually turns to the judgments of the Department of Labor's Bureau of Apprenticeship and Training and/or the initial review made of a program and establishment by the state's apprenticeship division.

While the use of registration as an approval criterion is expressly forbidden by the VA, in practice it is normally considered prima facie evidence that the program meets the Secretary's standards. And, of course, there is no bar to the approval of registered programs.

Registered programs are rarely denied approval, except for flagrant inflation of work processes. For example, one approval agency rejected a state apprentice program for meatcutters which allocated excessive hours of training time for making hamburger.

If registration has been denied by state or federal labor authorities, the approval agency will usually ask why, and if the program or establishment has not met the Secretary's published training standards, the agency will rarely approve it. As one agency head explained to us, "We will check to see if we agree with the apprenticeship people's judgment and try to give the program every chance, but none of us are very interested in approving a program for veterans if the state or DOL [Department of Labor] has questioned its quality." However, an establishment's request not to be registered (which may be made to avoid red tape) or its failure to comply with Department of Labor affirmative action provisions may not be used as grounds to refuse approval. "If these are the only problems found, we'll go right ahead and approve it for veterans."

Approval staff deny that their work duplicates that of the Bureau of Apprenticeship and Training. They "do a good job in developing programs," one said, "but, in our experience, do not supervise. The SAAs are the only ones out there involved in on-going supervision of a program for the protection of the veteran."

Relations between Department of Labor and approval agency staff are not always harmonious. In states where unions are weak, agency staff commonly approve abbreviated (perhaps two-year) programs as "on-the-job" training rather than insisting on more formalized, usually longer programs meeting apprenticeship standards, as Labor

Department and union representatives would like. The latter believe this practice dilutes the quality of training and harms the veteran's career and income prospects; VA and approval agency staff reply that it provides more job opportunities for veterans.

Most state agency staff concur that approval of an unregistered apprenticeship is more difficult and time-consuming because they must evaluate the entire program, including the facilities and skill of the training supervisor, as well as hours allotted to various work processes and the adequacy of related training.¹²

In their apprenticeship site visits, staff must find that an establishment can keep the records required for VA purposes, has appointed a certifying officer, and has completed two forms: an assurance of compliance with Title VI of the Civil Rights Act of 1964, and a compliance report. Where there is no industry-wide standard apprenticeship agreement, the state approval agency must insure that a signed copy of the apprentice agreement, including the approved training program and wage schedule, is given to each veteran, the VA, and the state agency.

The VA-state agency contract requires that notice of approval or disapproval (with reasons and an explanation of corrective action required to remedy deficiencies) be provided to the establishment and the VA within 30 working days of the receipt of an application. The agency furnishes a copy of its official approval notice to the establishment and the VA. The VA's copy must include the original establishment application, the standard of apprenticeship, and the agency's inspection report.

Withdrawal of Approval

State agencies are required to report monthly to the VA the number of applications for new approvals, establishments with deficiencies, and approvals withdrawn (Table 15). These reports do not identify the reasons for withdrawing approvals, but it appears that most withdrawals are merely due to inactivity; unless the employer wishes a program to remain approved, approval will usually be withdrawn if no veteran has been trained for two years. Agency staff indicate that the most common breaches of approval criteria ("discrepancies," in VA usage) are, in order of frequency, the failure to keep progress records, the failure to pay the approved wage, and the failure to give adequate training.

Most violations are corrected by employers, agency staff say, after they are noted in their supervisory visits or VA compliance surveys; hence, the withdrawal of approvals for cause is rare either in the more rigorous apprenticeship programs or the less standardized on-the-job programs.

On-the-Job Training

An establishment providing an approved on-the-job program must state that there is reasonable assurance a job will be available for the veteran upon successful completion of training. The program must be approved by the state agency according to the approval criteria of 38 U.S.C. §1777. Training must be full-time and cannot exceed two years. The starting wage must be at least half that of the job for which the veteran is being trained, and must be increased on a regular schedule. Regardless of the wage, VA will pay the veteran a monthly allowance, which is decreased every six months as his wages are increased (Table 13).

Table 15

Number of Job Establishments with Deficiencies Noted by
State Agency and VA Regional Office, and Subsequent
State Disapprovals, by State, Fiscal Year 1978

State or Jurisdiction	Number of Job Establishments with			
	Deficiencies Noted by		Subsequent Disapproval*	
	State	VA	(State)	(VA)
Alabama	469	29	433	9
Alaska	31	3	5	0
Arizona	14	0	5	164
Arkansas	103	8	14	3
California	1,876	180	1,515	0
Colorado	0	0	0	0
Connecticut	0	7	0	0
Delaware				
D.C.				
Florida	219	45	44	7
Georgia	652	93	109	15
Hawaii				
Idaho		15	3	0
Illinois				
Indiana				
Iowa				
Kansas	1	0	0	0
Kentucky				
Louisiana	32	59	7	7
Maine	98	24	4	2
Maryland				
Massachusetts	2	1	0	0
Michigan	59	33	40	6
Minnesota	14	6	0	0
Mississippi	6	0	0	0
Missouri	287	40	159	12
Montana	34	60	107	33
Nebraska	262	31	56	0
Nevada				
New Hampshire				
New Jersey	62	21	5	3
New Mexico	7	1	0	0
New York				
North Carolina	145	851	0	0
North Dakota	32	10	1	1

Table 15 (Continued)

State or Jurisdiction	Number of Job Establishments with			
	Deficiencies Noted by		Subsequent Disapproval*	
	State	VA	(State)	(VA)
Ohio	13	67	4	0
Oklahoma	138	1	17	0
Oregon	226	36	180	
Pennsylvania				
Rhode Island	8	11	0	0
South Carolina	310	8	11	4
South Dakota	71	7	0	0
Tennessee	531	70	252	1
Texas		49		
Utah	10	17	28	0
Vermont				
Virginia	35	24	13	4
Washington				
West Virginia	88	67	270	3
Wisconsin	723	5	0	1
Wyoming	24	14	0	0
Puerto Rico	0	2	0	0
Total	6,582	1,895	3,282	275

Source: September 30, 1978 state agency reports to VA; blank spaces indicate information not provided.

*State agency disapproval of establishments whose deficiencies were noted by the agency and the VA, respectively.

Number of Trainees

In 1978, 44,721 veterans received benefits for on-the-job training (excluding apprenticeship programs), down from 76,898 in 1976 and 111,067 in FY 1975. The Department of Labor also provides funding for on-the-job training mainly under Title I of the Comprehensive Employment Training Act of 1973 (CETA). Title I (which became Title II B/C under reauthorization by Congress in 1978) authorized grants managed by "prime sponsors" (usually state and local governments) for comprehensive employment and training services to provide unemployed, underemployed, and economically disadvantaged persons with skills needed to find jobs. Funds could be used for:

- recruitment, orientation, counseling, testing, placement, and follow-up services;
- classroom instruction in occupational skills;
- subsidized on-the-job training by public or private employers;
- payments to persons in training;
- support services such as medical and child care; and
- public service employment.

In 1978, 193,400 persons enrolled in on-the-job training programs sponsored by CETA. The number who were veterans is unknown, but 19,000 or 10 percent may be a reasonable estimate. CETA regulations define on-the-job training as "training in the private or public sector given to a participant, who has been hired first [our emphasis] by the employer...." Under the program, employers are reimbursed for half of participants' wages. Though Congress has sought closer coordination between Labor and VA on-the-job training, progress

in meshing the programs has been slow. The CETA program has been less successful than that of the VA at providing continuing employment after the completion of training.

In contrast to the record of VA on-the-job programs, 86 percent of whose graduates were placed in jobs directly related to their training,² a General Accounting Office study of CETA on-the-job training (OJT) reported:

Some OJT participants were successful in completing training and remaining with training employers on an unsubsidized basis; many were not. About 58 percent....obtained unsubsidized employment after the OJT period; and about 38 percent were still working for their employers six months after completing OJT. Many of the remaining 62 percent remained unemployed, as evidenced by (1) contacts with them and (2) those applying for unemployment benefits.

OJT has not been successful because:

- Prime sponsor assessment practices resulted in enrolling participants lacking the ability, aptitude, or interest to complete the training.
- Counseling failed to identify and resolve participants' problems, which subsequently caused participants to leave their jobs during or shortly after training.
- Job development and placement services resulted in participants being trained for jobs which had high turnover rates, were seasonal in nature, required no training, were low-paying, and resulted in lay-offs.¹³

It is widely held that the more rigorous VA approval criteria are responsible for the greater value of its on-the-job training. However, approval agency staff point out that they are at a disadvantage in promoting on-the-job training because CETA pays the employer to participate, while VA does not. "OJT is hard to sell. Our only appeal is to patriotism and unfortunately dollars talk louder."

Approval Process

Approval criteria stated in the contract with the state approving agency require that:

- (1) The job which is the objective of the training is one in which progression and appointment to the next higher classification are based upon skills learned through organized training on the job, and not on such factors as length of service and normal turn-over;
- (2) The training content of the course is adequate to qualify the veteran for appointment to the job for which he is to be trained;
- (3) The job customarily requires a period of training of not less than six months and not more than two years of full-time training;
- (4) The length of the training period is no longer than that customarily required by the training establishment and other training establishments in the community to provide the veteran with the required skills, arrange for the acquiring of job knowledge, technical information, and other facts which the veteran will need to learn in order to become competent on the job for which he is being trained;
- (5) Provision is made for related instruction for the individual veteran who may need it;
- (6) There is in the establishment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job;
- (7) Adequate records are kept to show the progress made by each veteran toward his job objective, and a periodic report showing the conduct and progress made in the course of training on the job will be provided for the Veterans Administration;
- (8) The veteran is not already qualified by training and experience for the job;
- (9) A certification that wages to be paid the veteran upon entrance into training are not less than wages paid non-veterans in the same training position and are at least 50% of the wages paid for the job for which he is to be trained, and will be increased in regular periodic increments until, not later than the last full month of the scheduled training period they will be at least 85% of the wages paid for the job for which the veteran is being trained;
- (10) A certification that there is reasonable certainty that the job for which the veteran is to be trained will be available to him at the end of the training period;

(11) A signed copy of the training agreement, including the training program and wage scale as approved by the State Approving Agency is provided to the veteran, to the Veterans Administration, and to the State Approving agency, by the employer; and

(12) The course meets such other reasonable criteria as may be established by the State approving agency.

Upon satisfactorily completing training, the veteran must be eligible for promotion to journeyman grade without further selection or competitive procedures. The approved program cannot include any period of time after the trainee has assumed such a position.

Exclusions

Training may not be approved for unskilled or common labor positions, clerical positions such as typists, stenographers, and secretaries, or professional positions where on-the-job training is not the normal method of procuring qualified personnel. Many approval agency staff see the ban on clerical and managerial positions as a roadblock to be circumnavigated. "We can't approve training for a manager, so we call it 'assistant manager training'; we can't approve training for a parts clerk so we call the job 'material coordinator'...." While training programs for civil service skilled craft jobs may be approved, most General Schedule civil service jobs are excluded. The agency contract also excludes such occupations as automobile service station attendant, food service worker, salesman, window washer, building custodian, and soda fountain attendant since they do not require extensive formal training.

VA-State Agency Relations

As with apprenticeships, the requirement that the state agency ensure that prior training records are available involves it in

eligibility determination to a degree. The VA manual provides that each individual employer's application must be examined by the state agency to determine the relationship between the applicant and the job. It also counsels regional office staff that the state agency must check that on-the-job training is adequately supervised by employers.

In all cases, "special attention should be given to the job objective for assurance that it is one which will be available immediately upon completion of training and not one which will require a period of employment in a lesser objective. This may be especially true in the managerial area...."¹⁴

The VA expresses particular concern that the objective is one for which training (as opposed to work experience) is required. Under this standard, work in an accounting firm prior to licensure as a CPA should not be approved.

In addition, it must be demonstrated that the trainee comes from a dissimilar occupation and is not simply progressing from a lower entry level.

State staff complain that such instructions lead to subjective and diverse rulings and significant intrusion into their approval function. But the close tie between the approval criteria and benefit award seems to require some duplication of work by both state and regional staff.

The state agency sends its notice of approval (or disapproval) to the job establishment and the VA regional office. The former, usually a brief letter, varies from state to state but should include: (1) The effective date of approval, (2) the name and

address of the establishment, (3) the authority for and conditions of approval, and (4) the name of each "course" approved (although all on-the-job and apprenticeship approvals are for programs).

The notice to the VA is more extensive and must include the establishment's application, the agency's inspection report, and the same signed compliance forms as for apprenticeship programs.

The VA would like to receive notice of approval and to concur that it is in order before the agency notifies the establishment, to avoid potential embarrassment to all parties. If the regional office withholds benefit payments because of deficiencies in the approval packet, both the state agency and the VA can be confronted by an angry employer and/or veteran. However, many agencies will not wait for VA concurrence, believing that this is an infringement of their statutory approval authority.

VA requires the agency to conduct yearly supervisory visits to all approved training establishments. In practice, agency staff often visit job sites within six months after approval to insure that wage guidelines are being met, the establishment is still active, and the veteran is still on the job. Given the relatively short period of on-the-job programs, the few veterans at each site, and the frequent wage changes, this close supervision is time-consuming and costly, but is tolerated and encouraged by VA because it results in tighter program control and positive results for the veteran.

Costs

Department of Labor

The Department of Labor 1979 Bureau of Apprenticeship and Training budget was \$14 million for 450 staff (236 field representatives between GS 9 and 13, 25 regional directors, 25 deputies, and

21 professionals in the Washington, D.C. office). The budget for 32 State Apprenticeship Councils, which serve as the Department's partners in apprenticeship evaluation, exceeded \$7 million for the promotional and compliance costs of 547 staff, 356 of whom were classified as "technicals." The VA paid roughly \$2 million to the 17 state council agencies (excluding Washington state) which performed dual Labor/VA functions. Adding the Bureau and Council budgets, subtracting the VA reimbursement, and dividing by the number of registered apprentices as of June 30, 1978 yields an approximate \$72 cost per trainee. Since Bureau staff also helped to establish an unrecorded number of unregistered programs, the figure is somewhat inflated.

No hard comparison is possible between the VA-state approval agency and Bureau-Council supervisory roles. The main thrust of Bureau supervisory visits concerns compliance with equal rights and affirmative action provisions. The supervisory visits by state approval staff and compliance surveys by VA regional staff, in contrast, concentrate on questions of veteran progress, adequate records, and wage scales.

CETA

The administrative costs of CETA on-the-job training programs are unknown. The record of prime sponsors, who are supposed to monitor these programs, is spotty at best, and the Department of Labor has had little success in monitoring the monitors. One General Accounting Office report was highly critical of the evaluation roles of both the Department and prime sponsors, stating that the Department had not established adequate standards. The programs,

GAO maintained, should assess the client's desire and capability for training, and prepare him for jobs which offer advancement and adequate wages.¹⁵

In 1978, the Department of Labor published supervisory guidelines for prime sponsors and requested written reports on monthly site visits and corrective actions. Questions to be answered included:

- Does the trainee exist, and is he on the job?
- Are adequate payroll records and personnel files maintained?
- Are there good internal payroll controls?
- Is the trainee being trained in the agreed occupation and not a lower-skilled job?
- Is reason for termination given by the employer, and does it match that given by the trainee?
- Is the trainee receiving the wage agreed upon in the contract?¹⁶

The resemblance of these guidelines to VA approval criteria is striking. VA and state approval officials insist that the high cost of supervising on-the-job training programs is necessary given the opportunities for abuse and the higher cost of wasted training resulting from a poorly monitored system. The GAO reports on loose CETA management seem to support their position.

Contract Terms

The contract allowance for apprenticeship and on-the-job approval expenses is related to the number of approvals, supervisory visits, or visits conducted at VA's request. The VA requires a yearly visit to each job establishment. States are reimbursed for salary, travel, promotion, processing, correspondence, and reports.

Of the ten states with the largest 1979 contract reimbursements, six had separate State Apprenticeship Councils (Table 16).

The cost of approvals per trainee ranged from \$49 to \$119. Site visits take much time because of their large number and the rapid turnover and small number of veterans at most sites.

Quality

In the opinion of VA regional staff, quality approvals do not correlate with contract reimbursements nor automatically emerge from apprenticeship councils which serve both Labor and VA. Regional office respondents to our inquiry gave high marks to nine approval agencies outside, and eight in, departments of labor. However, seven of the nine agencies they criticized most severely were located in labor departments. Plainly, this location can add an element of expertise--and/or of conflict with VA regulations. As one respondent observed, "Department of Labor has not manifested any awareness of VA regulations with obvious attendant results...knowledge of job establishments was not evident...approval work was less than thorough or correct...."

Of another Department of Labor agency, regional staff said, they "relate very well with the trades people and are able to persuade many employers into establishing and maintaining valid training programs for veterans. The...shortcoming is paperwork and reports. They conduct the required site visits, but are lax about completing site visit reports...."

In April 1978, trainees at 24,325 establishments (10,478 with apprenticeship and 13,847 with other on-the-job programs) received VA benefits. In the same month, state agencies reported

Table 16

Ten States with the Largest Contracts for Approving Job Establishments, Fiscal 1979

State	Number of							1979 Contract	Cost Per	
	Active Sites			Site Visits by State Staff	1978 VA Trainees				Trainee	Site
	Total	Appren- ticeship	OJT		Total	Appren- tices	OJT			
California*	1,689	1,052	637	7,463	6,668	4,610	2,058	\$516,350	\$ 77	\$306
New York*	1,139	666	473	**	4,037	2,257	1,780	446,200	111	392
Pennsylvania°	1,202	560	642	**	5,387	2,931	2,456	292,100	54	243
Wisconsin*	1,033	669	364	7,394	2,772	1,679	1,093	230,060	83	223
Alabama°	552	42	510	3,278	1,901	562	1,339	226,550	119	410
North Carolina*	967	536	431	2,719	2,536	1,398	1,138	211,600	83	219
Texas	872	205	667	2,900	3,869	2,071	1,798	194,350	50	223
Louisiana*°	827	490	337	3,891	2,379	1,009	1,370	190,900	80	231
Ohio*°	896	503	393	1,513	3,787	2,472	1,315	186,300	49	208
Michigan°	485	294	191	704	3,096	2,317	779	151,800	49	313
Total	9,662	5,017	4,645	29,862	36,432	21,306	15,126	\$2,646,150	\$ 73	\$274

*Approval agency located in state apprenticeship council.

°On-the-job approvals conducted by a separate agency.

**Data unavailable.

35,546 active establishments (14,676 with apprenticeship and 20,870 with other on-the-job programs). VA staff believe that the agencies count inactive sites and individual veterans rather than programs. "They are dreaming up the figures, but it's not worth the money to try and ferret out where the truth is. This is a fluid area and there is an 80-100 percent turnover every year." State staff counter that the VA numbers don't mean much either, because of the time lag between approvals and the initiation of benefit payments.¹⁷ They complain that they must approve many programs which do not work out; the veteran leaves after a short time. However, in many other programs, the veteran has already been working at the firm for some time and approval is given retroactively. The statistical discrepancies will remain a source of friction between VA and the state agencies so long as reimbursement is based on the current formula.

A June 19, 1978 circular advised the agencies that VA would not reimburse them on an "approval per trainee" formula. In addition, they were instructed to approve non-union apprentice programs.

When any State demonstrates a pattern indicating that only a small percentage of the Joint Apprenticeship Committees are being approved or individual trainee programs only are approved as the training establishments, the general formula will not be applicable. A different formula will be used for negotiating a contract based on the proportion of trainees in the State compared to the national total...[or] on the number of approvals compared to the number of active facilities.

Contracts have been adjusted to reflect the fact that the number of trainees at job establishments has been rapidly declining (Table 17).

Table 17

Number of Veteran Trainees in Job Establishments, 1974-1978

Program	Year		
	1974	1976	1978
On-the-Job	111,067	76,898	44,721
Apprenticeship	100,840	73,288	48,858
Total	211,907	150,186	93,579

Source: VA Information Bulletin, April 1979.

If reimbursements were directly related to the number of trainees, Pennsylvania would have received a larger contract than New York; and Texas and Ohio, not Wisconsin and Alabama, would have received the fourth and fifth largest contracts in 1979. If they were directly related to the number of active establishments, four states with smaller contracts should have received more than Alabama (Table 16). One partial explanation is the salaries of different agencies and individuals.

Approval Problems

VA has added to 1978 state contracts controversial provisions on registration, wage scales, and equal employment opportunity in approved job establishment programs.

Andrew Thornton, Director, VA Education and Rehabilitation Service, stated that "Continued recalcitrance on the part of some State approving agencies" made it necessary for VA to spell out in the reimbursement contract that certain criteria "are unreasonable and therefore contrary to law."¹⁸ While the agencies

in all states but Washington accepted the contract, the new provisions remain a sensitive issue, particularly in some apprenticeship council states.

Department of Labor Apprenticeship Registration

Apprenticeship programs can "receive recognition by being registered with a State apprenticeship council recognized by the Bureau of Apprenticeship and Training, U.S. Department of Labor."¹⁹ Criteria for recognition as a state apprenticeship council, prepared by the Secretary's Federal Committee on Apprenticeship, were published in the February 1977 Federal Register.

A council recognized by the Labor Department is authorized to determine if an apprenticeship program conforms to the Secretary's published standards and is thereby "registered" as required by various federal programs. Programs in states without a recognized council may be registered directly with the Bureau of Apprenticeship and Training.

To be recognized by the Department of Labor, a state apprenticeship body must demonstrate that it is located in the state department of labor or agency with jurisdiction over wages, hours, and working conditions; that it is composed of an equal number of employer and employee representatives familiar with apprenticeable occupations (public members may be included); that policies and procedures to promote equality of opportunity have been established pursuant to a state plan; that it will prescribe the contents of apprenticeship agreements and limit registration to programs providing training in "apprenticeable occupations"; and that it will provide for cancellation, deregistration, and/or termination of approval of apprenticeship programs and agreements.²⁰

Of the 32 state apprenticeship councils recognized by the Department of Labor in 1979, 19 served as approving agencies for VA apprenticeship benefits: 14 approved both apprenticeship and on-the-job training programs; 5, only apprenticeship programs.

Within each state, the Bureau of Apprenticeship and Training or the recognized State Apprenticeship Council registers apprentices, apprenticeship programs, and amendments to programs, and receives reports on cancellations, completions, and suspensions. To qualify for registration, an apprenticeship program must meet the Bureau standards, submit any modification of these standards to the registration agency, and establish and maintain records of compliance with equal opportunity regulations and affirmative action programs. Once granted, registration is continuous. Bureau field staff review programs yearly and advise sponsors on any change in the standards. Deregistration is uncommon since companies voluntarily withdraw before such procedures are initiated by the Bureau when a program breaks many registration provisions. As of December 1977, there were 45,999 registered programs in the country; 22,472 or 49 percent were Bureau programs and 22,527 or 51 percent, State Apprenticeship Council programs.²¹

The Department of Labor strongly encourages registration of apprenticeship programs as a protection for the apprentice. According to department staff, registration insures that a program meets the training standards of the trade; gives greater assurance of satisfactory related instruction; and improves training standards and labor relations. Upon program completion, an apprentice

receives a certificate which offers a type of job insurance when he changes jobs. Without it, the apprentice must often prove his competence at each new job.

As one approving agency official said, "Let's face it. We do see that the unregistered apprentice is provided a certificate of completion of training as required by VA regulations, but employers don't regard it as highly as a DOL [Department of Labor] certificate. DOL's stamp of approval simply carries more clout." Labor officials deny that registration limits apprenticeship opportunities, pointing out that non-union programs can be registered.

In 1968, the VA ruled that registration could not be required by a state agency because it would restrict apprentices to union-sponsored programs, thus decreasing their opportunities. The National Association of State Approving Agencies--but not its apprenticeship committee! --agreed.²²

When a proposed 1973 Department of Labor regulation appeared to require the registration of apprenticeship programs for veterans, VA requested clarification. Assistant Secretary of Labor William Kolberg replied in a letter that registration by the Bureau of Apprenticeship and Training or state apprenticeship councils "cannot be considered...necessary prerequisites to approval by the VA or a state approving agency."²³

In spite of the requirement of registration in a 1977 Labor regulation, the VA has continued to insist that it cannot be mandatory (although it may be permitted) in programs approved for veterans. As a consequence, a serious conflict between Labor and VA policy has developed in states where the same agency serves

as the apprenticeship council for Labor and the approval agency for veterans apprenticeship programs.

The 1978 VA approval agency contract specified that "the State shall not apply as additional criteria any administrative rules...requiring registration by the State or U.S. Department of Labor...."

VA argues that "the training standards of apprenticeship, when met, assure quality whether an apprenticeship program is registered or not";²⁴ if state and federal regulations conflict, federal regulations apply; and a refusal to approve unregistered programs limits veterans' opportunity.

The National Association of State and Territorial Apprenticeship Directors²⁵ opposed the new contract language, and asked VA to instruct state approval agencies to observe the 1977 Department of Labor standards, including registration.

The conflict has grown heated, with some states threatening to defy VA, and VA threatening to withdraw approval authority from agencies which do not comply with the contract. VA officials do not believe they are infringing on a state's right to require registration for other apprenticeship programs; state agencies must merely approve unregistered as well as registered programs for veterans.

Some Department of Labor officials are sympathetic. One explained that Labor and VA had somewhat opposing missions. Labor's overriding concern was to insure the highest level of skill training; VA's was the widest possible training opportunity for veterans entitled to benefits. "Conflict is inevitable."

Washington State

Certain stipulations in the 1978 state agency contract resulted from a ten-year dispute with the state of Washington, which has a State Apprenticeship Council. The 1978 contract barred restrictions on the number of approved sponsors in the same area and serving the same trade or craft or requiring employers to be signatories to collective bargaining agreements or participating members of a Joint Apprenticeship Committee.

In addition to requiring registration, the Washington State Apprenticeship Council would not approve any programs "parallel" to those of a joint labor-management apprenticeship committee in the same area. The VA held that this practice "effectively denies approval to all non-union training establishments and other employers who do not choose to join a JAC" (Joint Apprenticeship Committee).²⁷

VA twice overruled the Washington Council, approving apprenticeship programs in a public utility and a state university.²⁸ To end the conflict, the VA proposed a "simple solution."

In the case of those training establishments which do not wish to have their programs registered but whose programs otherwise meet the Secretary's published standards, the Department of Labor and Industries can approve such programs for veteran benefits purposes only. For other Federal purposes and for State purposes, no approval need be given such programs. Similarly, "parallel" programs could be approved for veterans benefits purposes only.... Since approval would be limited to veterans purposes only, the only law governing such approvals is title 38, U.S. Code, and no conflict of laws would be involved.²⁹

The U.S. Department of Labor supported the VA position. A spokesman said that the refusal of parallel registration was not a Labor policy and cited possible denial of veterans benefits as an argument against it in a discussion with Washington officials.

The Washington Council replied that the proposal violated state laws and suggested that VA had yielded to pressure from non-union contractors who had failed to get their apprenticeship programs approved by the Council. The Council informed VA that the Washington Department of Labor and Industries refused to sign the 1978 contract. Administrator Cleland responded:

Although the VA remains willing to negotiate a contract with the State agency, and to accept its services, until such time as that agency can separate its State functions and requirements from the Federal function and its requirements, we will have no choice but to assume the responsibility for approving apprenticeship programs in Washington for VA benefits purposes.³⁰

Since August 1, 1978, the VA Seattle regional office has handled apprenticeship approvals directly. Regional staff stated that approvals were now prompt whereas formerly they were delayed up to three months. A state official disputed this and said that regional staff had spent much time learning the ropes. The basic conflict remains unresolved, however, and has surfaced in other states, particularly California and Montana. (Montana recently resolved the conflict and has begun to approve unregistered programs.)
Equal Opportunity

VA apprenticeship and on-the-job approval criteria require only a statement of compliance with Title VI, Civil Rights Act of 1964 (non-discrimination), whereas the Secretary of Labor's apprenticeship standards also require affirmative action and outreach efforts. The 1978 contract provided that state agencies may not require affirmative action plans. VA contends that the Secretary's standards apply only to registered programs, and registration is not necessary for VA purposes; and the affirmative action provisions can limit

veterans' opportunity. Small establishments often cannot comply and would be discouraged from offering training to veterans if they were forced to do so.

Some employers complain about the separate Labor and VA requirements. "I just spent hours with a...field man satisfying DOL's requirements, and along came the VA the next day wanting the same type of assurances on different forms." California officials have estimated that the equal opportunity requirements of VA and other federal agencies have led 5,000 establishments to withdraw from veterans training programs.

VA and Department of Labor staff strove for more than a year to agree on a single compliance form, at least for registered programs, but no agreement had been reached as of April 1979.

Progressive Wage Scale

Section 1777, Title 38, requires that on-the-job training programs contain a progressive wage scale with interim increases and a final wage, no later than the last month, at least 85 percent of the completion wage. VA has ruled that if wages are based wholly or in part on commissions, fees, or other variables, the program does not meet these requirements.

VA maintains that compliance with the 50 to 85 percent wage rule cannot be determined if a productivity or profit-sharing incentive is combined with the approved wage schedule. Approval agency officials complain that the regulation is incompatible with current salary and compensation plans and severely limits veteran opportunity. F. E. Munoz of the Arizona approving agency explains

that "The majority of employers feel that a guaranteed wage, plus commission salary plan, is beneficial to both them and the veteran trainee."³¹

The head of the Florida approving agency has estimated that the VA ruling on profit-sharing, bonuses or commissions had led to the cancellation of several hundred programs in his state since its introduction in December 1974, and prevented the approval of several hundred additional programs. He cited two examples:

(1) A manufacturing firm met the 50 to 85 percent wage rule but made additional productivity payments.

(2) A restaurant manager training program with a satisfactory progressive wage which, toward the end of the program, also offered a profit-sharing plan based on productivity.³²

Agency officials say that the provision is unfair to on-the-job trainees, since it is not applicable to apprenticeship programs, many of which would not be approved if the rule were applied to them. In apprenticeships, the VA has agreed to accept a wage rate that includes commissions, if it is accepted by the Bureau of Apprenticeship and Training.

Officials also claim that the progressive wage scale is an administrative nightmare³³ which discourages employer participation in on-the-job training.

We find it extremely time consuming in monitoring the wage structures of those firms who do meet the present wage criteria and have been approved to enroll veterans in their programs. About 40% of our time must be spent in revising their applications for approval to reflect changes in the wage schedules. This, in turn almost doubles the amount of document processing between the SAA and the VA Regional Office. The present wage criteria often results in overpayments...usually...when, prior to completion of

the training program, the employer raises the veteran's salary up to or above the trained worker or finished wage as reflected on the training establishment's approval application.³⁴

A difficulty with wage criteria was noted by the National Association of State Approving Agencies in 1976. It requested that the requirement that trainees receive an interim increase be waived for programs of less than one year duration. The association maintained that agencies could not approve a number of fine programs, particularly in public service occupations such as police and fire protection, which commonly offer only annual, and not interim, increases.

Prevailing Wage Rates

The 1978 state contract listed as "unreasonable" additional approval criteria any requirement that "all training establishments must agree to pay prevailing wage rates to apprentices predicated on a journeyman scale established by agreement of some employers and unions."

According to the VA, some Apprenticeship Council states have required the employer to pay the prevailing wage negotiated in collective bargaining, thus effectively excluding non-union apprenticeships. The VA holds that the Secretary's standards merely require that the minimum wage be met. Some states have acceded to the VA's position, but the issue has been a sore point in council states.

OJT Approvals in Apprenticeable Occupations

A major area of dispute between agencies in council states and the VA is the approval of on-the-job programs in "apprenticeable"

occupations.³⁵ According to the Department of Labor, there were more than 500 apprenticeable occupations in 1979, and many new programs will be added in the burgeoning allied health fields. This, according to the VA, is the problem. Given the increasing number of "apprenticeable" programs, to limit on-the-job programs to non-apprenticeable occupations would limit veterans' training opportunities. VA maintains that worthwhile, on-the-job training which does not extend to the journeyman level can be given in apprenticeable occupations. The Department of Labor and most apprenticeship council approval agencies disagree. An official in such an agency comments:

A standard of training is what it boils down to. Neighboring states who are approving OJT programs in apprenticeable occupations are prostituting themselves. A vet who is given a two-year OJT program in an apprenticeable trade instead of a proper three- or four-year apprenticeship will be a sub-standard worker who will not be competitive with an apprenticed worker. Reciprocity agreements between the states add to the problem. They lead to the acceptance of apprenticeships and journeymen's licenses only. The vet who has spent two years in an OJT program in an apprenticeable occupation is left out in the cold. He has wasted two years of benefits in a program that has put a ceiling on his opportunity.

A Bureau of Apprenticeship and Training staff member said that he regularly receives complaints from veterans who feel their training has been inadequate. "The veteran gets shorter and less strictly monitored training. He loses the competitive edge to the apprentice who has trained in the longer apprenticeship program."

Agencies in some apprenticeship council states, such as Montana, have refused to approve on-the-job programs in apprenticeable occupations, while those in non-council states have approved a great many. Central office staff say that VA won't budge in this

dispute and might add refusal to approve on-the-job programs in apprenticeable occupations as an "unreasonable" approval criterion in future contracts. Texas has solved the conflict in the following manner. Approval agency personnel are instructed to contact the state Bureau of Apprenticeship and Training when an application from an apprenticeable trade is received. The Bureau has agreed to contact the firm and to advise the approval agency within five working days if an apprenticeship program will be established. If such a program will not be established, the agency will approve it as an on-the-job program.

The Quality Problem

VA and approval agency staff agree on the lack of uniform and objective approval criteria for on-the-job training programs. Agency staff complain that the interpretations and application of statutory requirements differ from one VA regional office to another. A Central Office advisory opinion is often given only to the regional office requesting it, and different judgments by different regional staff about the acceptability of program approvals cause confusion and frustration among state agency staff.

VA counters that state agencies often determine the duration of a training program and then work backwards, assigning arbitrary lengths of time to each portion of training so that the portions add up to the whole--usually, the maximum permissible time of two years. VA staff suggest that a more realistic training period should be arrived at by listing the skills and knowledge to be mastered, relying on the Dictionary of Occupational Titles definitions, and then allocating a reasonable amount of time to each skill. They

believe that this method would rebut charges that on-the-job training is merely a wage subsidy given, in many cases, to veterans already employed at the establishment. "If the SAAs would follow this procedure, at least we would see fewer states with nothing but 24-month programs," said one VA official. "It would certainly cut down on the 24-month snow shoveling training programs or the 2,000 hours allotted to the use of a hammer." State staff retort that on-the-job programs are structured for a particular job in a particular environment. "In one shop a man may need more hours on a particular welding technique than he will in another. You can't get this out of a book. You get it from on-site evaluation and the VA should accept our judgment."

They make two further observations. Employers, especially in small companies, may not want to go through the approval process for a 6- or 12-month program. They want to retain the employee as long as possible at a rate they can afford, which often dictates the length of the program. Second, VA advisers often tell a veteran that he can get 24 months benefits for on-the-job training, making it harder for state staff to "sell" him on a shorter program.

Scandals reported by the Teague Committee in 1952 showed that on-the-job training programs were vulnerable to two types of abuse: use as a wage subsidy to veterans or as a means for employers to obtain cheap labor. It is evident that quality and the degree to which benefits pay for serious training or cloak other purposes remain thorny issues in many on-the-job programs as in many institutional programs.

Footnotes

1. Veterans Benefits Under Current Educational Programs, Information Bulletin, Veterans Administration, April 1978, p. 14.
2. Veterans Response to GAO Questionnaires on the Operation and Effect of VA Educational Assistance Programs under 38 U.S.C. 1651, 1978, p. 10.
3. Ibid., p. 12.
4. Ibid., p. 16.
5. Ibid., p. 2.
6. Apprenticeship, Manpower Administration, U.S. Department of Labor, 1975, p. 1.
7. Setting Up an Apprenticeship Program, Manpower Administration, U.S. Department of Labor, 1966, p. 5.
8. Section 1652, Title 38, U.S. Code defines a training establishment as any establishment providing apprentice or other training on the job, including those under supervision of a college or university, state department of education, apprenticeship agency, or board of vocational education, joint apprenticeship committee, the Bureau of Apprenticeship and Training, or a federal agency authorized to supervise such training.
9. Apprenticeship: Past and Present, Employment and Training Administration, U.S. Department of Labor, 1977, p. 19. For a definition of basic standards, the VA procedures manual refers state and regional personnel to pages 3-4 of the Department of Labor publication, The National Apprenticeship Program. This is out of print and considered inadequate by Labor officials, since it omits registration criteria--an omission which suits the VA admirably.
10. See Department of Veterans Benefits Manual, Education Procedures General Part 1, pp. 1-12 and 1-13.
11. Veterans Benefits Manual, M-22-2, Part VI, Chapter 4, April 1976, pp. 4-30.
12. Following Department of Labor policy, most state agency staff regard institutional training as preferable, on-site training as second-best, and correspondence training as third-best.
13. Report to the Congress, Job Training Programs Need More Effective Management General Accounting Office, July 7, 1978, p. 21.
14. VA Benefits Manual, M-22-2, Part VI, pp. 4-30.

15. Job Training Programs Need More Effective Management, pp. 21-38.

16. On-the-Job Training: CETA Program Models, Employment and Training Administration, U.S. Department of Labor, 1978, pp. 15-17.

17. The General Accounting Office found both VA and state lists of active training sites inadequate to inform state and federal agencies about on-the-job training activities. State Veteran Service employment representatives, attempting to coordinate CETA veteran activities, indicated that this information was often outdated and inaccurate. The VA responded that state and local employment service offices were not providing the staff time needed to make the informational exchange program work. Although VA expressed some doubt that the end product justified further commitment of staff time, it would seem obvious that poor data are a roadblock to interagency cooperation in developing on-the-job training programs (see Much More Could Be Done for Veterans in Employment and Training Programs, General Accounting Office, December 29, 1978, pp. 54, 55 and 106.

18. Letter from Andrew Thornton to James W. Axon, President, National Association of State and Territorial Apprenticeship Directors, Apprenticeship-Training Division, Connecticut Labor Department, September 6, 1978.

19. The National Apprenticeship Program, Employment and Training Administration, U.S. Department of Labor, 1976, p. 8.

20. See "Apprenticeship Programs: Labor Standards for Registration," Federal Register, February 18, 1977, p. 10143.

21. "Comparison of Programs by Type, BAT and SAC as of December 31, 1977," Bureau of Apprenticeship and Training, U.S. Department of Labor.

22. Report of the National Association of State Approving Agencies, OJT-Apprenticeship Committee, June 16, 1971.

23. Letter from William H. Kolberg, Assistant Secretary for Manpower, U.S. Department of Labor, to Donald E. Johnson, Administrator, Veterans Administration, June 20, 1973.

24. Letter from Andrew Thornton to James Axon, September 6, 1978.

25. NASTAD is an association of officials from the 29 states with established apprenticeship agencies and councils operating under state laws and recognized by the U.S. Secretary of Labor as meeting his standards. Eighteen of its member agencies have been designated as approval agencies for job establishment programs.

26. Letter from James W. Axon, President, National Association of State and Territorial Apprenticeship Directors, to Max Cleland, Administrator, Veterans Administration, August 23, 1978.

27. Letter from Max Cleland, Administrator, Veterans Administration, to Senator Mike McCormack, July 18, 1978.

28. In the university case, the Washington Council initially denied having received an approval request. "That's the standard dodge when states don't want to approve an unregistered or parallel program," said an angry VA official. "They simply don't accept the application. Of course, if no one has applied, the Council can't be accused of refusing approval."

29. Letter from Andrew H. Thornton, Director, VA Education and Rehabilitation Service, to the Honorable Dixie Lee Ray, Governor of the State of Washington, July 21, 1978.

30. Letter from Max Cleland to Senator Mike McCormack, July 18, 1978.

31. Letter from F. E. Munoz, Veterans Affairs Office, Arizona Department of Economic Security, to Max Cleland, Administrator, Veterans Administration, April 26, 1978.

32. Memorandum from Gordon L. Guthrie, Chief, Bureau of State Approving for Veterans Training, State of Florida Department of Community Affairs, to Dean E. Aschim, President, National Association of State Approving Agencies, February 6, 1979.

33. Letter from F. E. Munoz to Max Cleland, April 26, 1978.

34. A midwestern approval agency had noted that the new monthly veteran certification cards have compounded the problem. "We are telling the vets not to fill in the box on current wages. Given the fact that we have to submit a complicated amendment to each approval every time the wage changes, we know that his information will reach RO [the VA regional office] before ours will, and he may find his benefits cut off on the basis that the wage differs from that stated in the original approval. An amendment is almost as lengthy a process to file as an initial approval. Given cost of living adjustments in an inflationary period which can occur as frequently as monthly, we are inundated with unnecessary paperwork on this item and the vet is suffering."

35. An apprenticeable occupation is a skilled trade with all of the following characteristics:

"(a) It is customarily learned in a practical way through a structured, systematic program of on-the-job supervised training.

(b) It is clearly identified and commonly recognized throughout an industry.

(c) It involves manual, mechanical, or technical skills and knowledge which require a minimum of 2,000 hours of on-the-job work experience.

(d) It requires related instruction to supplement the on-the-job training."

In general, the following occupations are not apprenticeable: selling, retailing, or similar occupations in the distributive field; managerial occupations; clerical occupations; and professional and scientific vocations for which entrance requirements customarily require an academic degree (Department of Labor "Apprenticeship Programs Labor Standards for Registration," Federal Register, February 18, 1977, p. 10141).

12. TWO OTHER APPROVAL SYSTEMS

"The total system is a patchwork quilt, and we never looked to see if it would fit together--the ultimate design is not particularly desirable."

Mary Jean Calais¹

The Senate Veterans' Affairs Committee stated that this study "must" examine other federal systems of establishing school eligibility "to find an effective and reasonable way of assuring accountability" for student aid.^{la} We will examine the systems used by the Office of Education and the Social Security Administration, which, together with the VA, have operated the three largest federal programs of student aid.

The U.S. Office of Education

Student Aid Programs

In fiscal year 1979, the Office of Education will spend an estimated \$3.3 billion on student aid programs, a \$1 billion increase in two years.

In 1977, these programs--Basic Educational Opportunity Grants (BEOG), Supplemental Educational Opportunity Grants (SEOG), National Direct Student Loans (NDSL), Guaranteed Student Loans (GSL), Work-Study payments, State Student Incentive Grants (SSIG), and Special Services for Disadvantaged Youth (SSDY) provided 2.8 million students with 2.5 million grants, 1.9 million loans, and payments to 895,000 participants in work-study programs. The basic grant program awarded over \$1.7 billion; loans made or insured under the guaranteed student loan program, over \$1 billion; and the three campus-based programs, about \$1 billion.²

The 1979 budget will aid even larger numbers of students because of statutory changes extending eligibility to many middle-income

students. Some \$2.6 billion will be allocated to the BEOG program. Campus-based loans, supplemental grants, and work-study will get \$1.2 billion. Guaranteed loans are budgeted at \$750 million, continuing the reductions of recent years.³

In 1977, Office of Education campus-based loan and grant programs, each with separate eligibility rules and populations, were consolidated into the Bureau of Student Financial Assistance, in the hope that common management would lead to uniform systems to "track students," facilitate the delivery of aid, and "assist in identifying the individuals served."⁴

The Number of Eligible Schools

The Office of Education's Division of Eligibility and Agency Evaluation (DEAE) maintains a list of schools eligible for OE student aid programs. Institutions apply for eligibility and it is granted if they meet statutory requirements which include private accreditation. The criteria include compliance with Civil Rights law and the 1974 "Buckley Amendment" on the privacy of educational records; and state authorization to operate, though many states require no authorization for accredited degree-granting institutions. Flight,⁵ proprietary, and unaccredited schools have to submit additional data for eligibility assessment. DEAE certifies eligible schools; each OE program sets additional requirements for program participation.

In the early years, greater attention was placed on expanding the number of eligible schools--especially for-profit and public vocational schools--than on safeguarding students and federal funds. In recent years, the emphasis has shifted. Formerly, compliance reviews were conducted only at serious "problem schools"; a more systematic effort is now under way to review classes of eligible schools

such as two-year colleges.

As of September 1978, of 8,733 eligible postsecondary institutions, 3,130 were degree-granting, 4,747 were non-degree vocational schools, and 856 were foreign schools (Table 18). The number is not static. Between February 1977 and August 1978, DEAE granted initial eligibility to 755 schools; renewed the eligibility after change of name, location, or ownership, or for some other reason, of 1,119 schools; and terminated the eligibility of 320 institutions which had closed or lost accreditation.⁶

Accreditation and Eligibility

The Office of Education's school eligibility system responds to over 20 specific statutory mandates starting with the Veterans Readjustment Assistance Act of 1952, which provide that a school, program, or course may be eligible for federal funding if it is accredited by an agency or association which the Commissioner of Education "determines to be reliable authority as to the quality of training" or education offered. To implement these statutory provisions, the Commissioner has issued and periodically revised (1) a set of criteria, most (not necessarily all) of which a "reliable" accrediting agency is supposed to meet; and (2) a list of agencies which he has thus formally found to be "reliable." In 1952, the list named six regional agencies accrediting higher educational institutions and 22 national agencies accrediting specialized and professional programs at these institutions or, in some cases, offered by specialized, free-standing schools.

The Nurse Training Act of 1964 (P.L. 88-581) provided for the recognition of state agencies approving schools and programs of nursing. The "Mondale Amendment" of the 1972 Education Amendments (P.L.

Table 18

Number of Accredited and Unaccredited Postsecondary
Schools on OE Eligibility List, September 1978

Type of School	Number of Schools		
	Public	Private	Total
<u>Degree-granting</u> ^a	<u>1,561</u>	<u>1,575</u>	<u>3,136</u>
Accredited ^b	1,556	1,463	3,019
Unaccredited ^c	5	112	117
<u>Non-degree-granting</u>	<u>1,056</u>	<u>3,691</u>	<u>4,747</u>
Accredited	173	3,687 ^d	3,860
Unaccredited	883	4	887
Foreign (unaccredited)	e	e	856
<u>Total</u>	<u>2,617</u>	<u>5,266</u>	<u>8,739</u>
Accredited	1,729	5,150	6,879
Unaccredited	888	116	1,860

Source: OE Division of Eligibility and Agency Evaluation and Education Directory.

a. From the Education Directory, Colleges and Universities, 1977-78, National Center for Education Statistics, Department of Health, Education and Welfare, 1978, p. 6., with a discrepant total of 3,136 compared to 3,130 reported elsewhere in the directory.

b. Includes preaccredited institutions and 242 accredited by the New York Board of Regents.

c. Includes 99 eligible under the "three-letter rule."

d. Includes 2,136 proprietary and 1,553 nonprofit schools: most of the latter are evidently hospital schools (an undetermined number may be public rather than nonprofit).

e. Unknown.

92-318) required the Commissioner to recognize state agencies approving public postsecondary vocational schools.

By 1978, the Commissioner had recognized 74 accrediting agencies, eight state agencies for the approval of nurse education, and 10 state agencies approving public postsecondary vocational schools.

The education statutes commonly provided one or more alternative ways for unaccredited schools to gain eligibility:

- o By demonstrating that three accredited institutions had accepted their credit when three students transferred to them.⁷
- o Unaccredited schools lacking access to a recognized accrediting agency could seek interim approval by the Commissioner of Education.⁸
- o The Commissioner could make or accept a determination of "satisfactory assurance" that unaccredited institutions would meet the accrediting standards of a recognized agency within two years.⁹
- o Public area vocational schools are eligible for certain purposes under a special statute.

Of 8,544 eligible schools listed by OE in the summer of 1977, 6,348 or 74 percent were accredited and another 327 (4 percent) were candidates for accreditation; 854 (10 percent) were foreign schools eligible for the Guaranteed Student Loan Program after OE staff review; 831 (10 percent) were public area vocational schools; 98 (1 percent) were eligible by the three-letter route, and 86 (1 percent), by state agencies recognized under the 1972 "Mondale Amendment."

In 1968 an Accreditation and Institutional Eligibility Staff (AIES) and advisory committee were established to improve and systematize procedures for recognizing accrediting agencies. AIES was headed by John Proffitt, former deputy director of the National

Commission on Accrediting (NCA), a private organization (established in 1949 and succeeded in 1974 by the Council on Postsecondary Accreditation) which performed a similar function of recognizing accrediting agencies. NCA Director Frank Dickey was the first chairman of the nine- (now fifteen-) member advisory committee.

Ten years later, this unit had become the Division of Eligibility and Agency Evaluation, part of the Bureau of Higher and Continuing Education. It reviews petitions of accrediting and state agencies seeking initial or renewed recognition (granted for varying periods up to four years) and determines the eligibility of postsecondary schools for OE programs. DEAE staff also maintain liaison with accrediting and state licensing agencies and have sponsored research, conferences, and publications on such subjects as accreditation, state licensing and authorization of postsecondary institutions, and student consumer protection. Though housed in the Office of Education, DEAE serves broader federal and public purposes. In 1978, it had a staff of 30 and a \$1 million budget for salaries and expenses.

The 15-member advisory committee on Accreditation and Institutional Eligibility, appointed for three-year terms by the HEW Secretary, advises the Commissioner on the criteria for recognition, the actions which should be taken in response to agency applications for recognition, and recognition and eligibility policies. The committee may also, under unusual circumstances, advise on the eligibility of individual schools, but the Commissioner has been reluctant to enlarge this function, much less extend it to all postsecondary schools. To do so would require major staff and budgetary increases, present difficult technical problems, and arouse strong opposition from the states and the educational community.

The 1952 criteria for recognition of accrediting bodies were revised in 1969 and 1974, and proposed new criteria should be issued in 1979. Criteria for state nursing education agencies were published in 1969 and for state agencies approving public postsecondary vocational education, in 1974. These have not yet been revised.

"The Unexamined System is Not Worth Having"

Unlike the VA and Social Security approval systems, the OE eligibility system has been subjected to almost continual HEW scrutiny since 1971. The most recent round of self-examination has been prompted by the HEW concern with fraud and abuse, the December 1977 reorganization of student aid programs, a 1979 GAO report What Assurance Does Office of Education's Eligibility Process Provide?, and the proposed new criteria for recognizing accrediting agencies. Within HEW, the "triad" of state, federal, and private accrediting participation in eligibility determinations is viewed as far from perfect and the debate on its merits continues. At its December 1978 meeting, The DEAE Advisory Committee discussed the following questions:

- o Should the present dominant reliance upon accreditation be changed?
- o Should OE promote a larger eligibility role for state agencies?
- o Should they render private colleges and vocational schools eligible?
- o Should OE develop criteria for state authorizing agencies or merely accept their criteria?
- o Should OE make schools directly eligible, without relying on accrediting or state agencies?

Both inside and outside HEW, confidence in the value or adequacy of accreditation to determine school eligibility for federal programs

has been seriously eroded.

Program Management Problems

The OE eligibility process has attempted to strengthen consumer protection practices through the intermediation of accrediting agencies. However, these private, voluntary organizations funded by member dues and fees function in a collegial, not a disciplinary or regulatory manner, and have no legal or financial responsibility to OE. Until recently, unless a school lost its accreditation or state license, it continued to receive OE student aid funds no matter how badly they were managed.

Usually, a complaint against a school eligible for federal funds is referred to the appropriate accrediting association, which attempts to persuade its member organization to revise the offending policies or procedures. The institution is provided an opportunity to defend itself and to correct the situation. Depending on the particular case..., the state in which the problem occurs, and the procedures of the accreditor, the process and results vary considerably. Time lags of up to two years between complaints and their resolution (if any) appear to be common. In a well-publicized case the proprietor of a school was said to have absconded with at least \$300,000 in loan funds, while OE delayed for over a year in suspending the eligibility of a complex set of institutions, only one of which...was accredited.¹⁰

OE did not clearly distinguish between a school's basic eligibility and its certification to participate in specific programs and the conditions which should apply to each. The folly of relying upon private accrediting agencies for program management purposes was dramatized by glaring abuses of guaranteed student loans. As default obligations rose from \$31 million in 1972 to \$177.5 million in 1976, efforts were made to correct glaring management deficiencies of the loan program. First, OE proposed regulations for proprietary schools, which were among the worst offenders in recruiting students and encouraging them to take out loans for training of limited vocational value. Later the regulations were extended to all postsecondary

institutions. They became effective in July 1975, three years after OE received statutory authorization to limit, suspend, or terminate the eligibility of institutions abusing or mismanaging the loan program.

Guaranteed Student Loan Regulations

The regulations required the maintenance of records on the admission, attendance, academic progress, placement, and indebtedness of loan recipients, and a policy for refunding tuition and room and board fees according to a published schedule. Schools were required to provide "prior to obligation for tuition or fees," accurate information about their programs, faculties, and facilities, "with particular emphasis on those programs in which the prospective student has expressed interest." Placement statistics for "courses of study, the purpose of which is to prepare students for a particular vocation, trade or career field" should indicate the percentage of graduates who obtained positions in the fields for which they trained and their average starting salaries. Placement data should be no more than three years old; if, after a good-faith effort, a school could not secure meaningful data on its graduates, it might use suitable regional or national data. Such data were to be available upon student request.

Schools also had to show that, "based on an appropriate examination or other appropriate criteria, there is a substantial and reasonable basis to conclude that...[the prospective student] has the ability to benefit from the...training to be offered." In response to requests for clarification of this criterion, OE officials stated that withdrawal and failure rates and grade or other performance indicators would provide evidence that schools had chosen students with

sufficient ability to succeed.

Finally, the regulation authorized the Commissioner to terminate, limit, or suspend a school's eligibility as a lender if more than 10 percent of the dollar amount of loans in the repayment stage were in default; if, during any eight-month period, more than 20 percent of loan recipients withdrew or more than 60 percent of students held loans; or if the school was deemed financially unstable or unable to provide educational services.

The Education Amendments of 1976

The Education Amendments of 1976 required that institutions participating in OE student aid programs provide designated information to students and to program administrators. OE explained the reasons for these regulations as follows:

As a result of the magnitude of assistance and the rising concern over the misuse and abuse of these Federal student financial aid programs by institutions and schools, and the rise in the default rate for the guaranteed and national direct student loan programs, the Congress...authorized the Commissioner of Education to prescribe such regulations as may be necessary to provide for--

1. A fiscal audit of an eligible institution with regard to any funds obtained...or insured under Title IV [student assistance programs]; and

2. The establishment of reasonable standards of financial responsibility and appropriate institutional capability for the proper administration by an eligible institution of...student financial aid programs.

...[T]he Commissioner may suspend or terminate an institution's participation in Title IV programs upon a determination that it was engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates.

...[T]he House report leading to the Education Amendments [stated that they]....[a]re intended...to provide the Commissioner...with the necessary tools to keep unethical individuals from engaging in unlawful conduct and sharp practice in the name of helping financially disadvantaged students....

....The Senate report stated [that] "the committee hopes that

[the new regulations] will have a significant effect in weeding out these schools which do not have the fiscal stability or administrative competence to participate...."11

The Amendments required that data about student retention and completion rates be made available and barred student bankruptcy during the five-year period after loans become due for repayment. An additional requirement that schools provide evidence that they admit only students who can profit from their programs was dropped during the legislative process.

A Two-Tiered System Emerges

The effects of the 1976 law, the Carter Administration's review of HEW programs, and the June 1977 recommendations of an HEW Student Financial Assistance Study Group chaired by John Perkins of the University of California led in December 1977 to the establishment of a Bureau of Student Financial Assistance and a new two-tiered eligibility system. Headed by Leo Kornfeld, education finance and computer systems expert, the Bureau was organized along functional lines as recommended in the study group report. A Division of Certification and Program Review was formed to certify, limit, suspend, or terminate school eligibility. A smaller Division of Compliance conducts on-site investigations of possible fraud and abuse, and works closely with the HEW Inspector General and the Department of Justice.

The Perkins report had recommended that the criteria for certifying a school's eligibility for student aid programs be:

...related to...[its] ability to manage student financial aid programs and to assume fiscal responsibility and accountability for Federal funds....

Educational institutions seeking certification for participation...shall submit on? formal application for certification....The Division of Certification will process the application and may arrange an on-site review of the institution to confirm compliance with

established criteria.

...[T]here [should] be an annual review for the renewal of certification. A change in ownership will require an immediate and thorough review.¹²

The new process has added federal standards, monitoring, and field inspection to the private accreditation and state licensing requirements for school eligibility. The Perkins report recommended the additional measures because, "Experience has shown that institutional program participation based primarily on basic eligibility determinations such as the criterion of education quality have been inadequate to preclude fraud and abuse." Hence the approval of each school to participate in OE student aid programs is now a direct federal function:

Institutions possessing Basic Eligibility status [i.e., accreditation and state authorization to operate] must meet certification requirements....In addition to a review of an institution's practices...the process would involve a thorough and comprehensive evaluation of the institution's resources, integrity and capabilities in the areas of financial stability, financial management, program management, and consumer protection practices as they apply directly to the institution's administration of the student financial aid programs.¹³

The Division of Certification and Program Review began operation in May 1978; 91 headquarters and 50 regional positions were authorized in five units devoted to Institutional and Lender Certification, Audit and Review, Program Review, Validation, and Quality Assurance.

The Institutional and Lender Certification unit examined the agreement signed by each institution seeking program approval. Accompanying financial statements were inspected by the Audit and Review Unit to see that the school had at least a one-to-one asset-to-liability ratio. Until pending regulations for other programs became final, this unit screened financial statements only for the Guaranteed Student Loan Program.

New Financial Aid Regulations

In August 1978, OE issued proposed regulations on certification standards for administrative capacity and fiscal responsibility. They called for a school to be reviewed and recertified every three years; but if a school changes ownership, it must be recertified.

Schools must employ a "reasonable standard in measuring satisfactory progress of student aid recipients" (a provision designed to cope with the so-called "professional student and students who attend school only to obtain financial aid").¹⁴

Records must be kept of the enrollment status, program, and courses of aid recipients, any refunds due, total financial aid received under Title IV programs, and job placement "if the institution provides a placement service and the student uses that service." Records of entering students' educational qualifications were designed to help OE determine if the school meets the statutory definition of a postsecondary institution.

The proposed regulations outlined the conditions under which OE may initiate suspension or termination proceedings and defined "misrepresentation" as "any erroneous or misleading statement an eligible institution makes to a student enrolled at the institution, to any prospective student, to the family of an enrolled prospective student, to the Commissioner or on its educational program, financial charges or employability of its graduates."

Certification

Until proposed regulations were finalized, staff have dealt only

with new schools applying for program eligibility. If a school's submission is inadequate, staff may request a three-month financial statement, additional data, or a plan to correct deficiencies; and they may approve an agreement for less than three years. To date, about 5 percent of new school applications have been rejected, usually because of weak financial statements.

The planned review of the agreements and financial statements of the 8,800 eligible schools will start with schools with high rates of loan delinquency and default or a high percentage of students getting basic grants. Schools may also be reviewed if complaints have been made by the FBI, accrediting bodies, state agencies, HEW regional offices, or a number of students. These and other criteria for yearly review have been coded for computer retrieval.

Program Reviews

As outlined in a July 1978 statement by Secretary Califano to the House Subcommittee on Intergovernmental Relations and Human Resources, HEW has instituted or strengthened certification, program reviews, and audits to bring "accountability and integrity" to student aid programs.¹⁵

Some 50 positions in Washington and the regions have been allotted to reviews of "problem schools" which may lead to the limitation, suspension or termination of their eligibility. School management deficiencies and abuses have been coded and weighted for computer scoring of such matters as excessive administrative expense claims and new uniform tuition and fee changes. Inadequate financial and enrollment records, excessive cash balances, and inaccurate financial reports are classified as "accounting" deficiencies; the lack of a tuition refund

policy and of diligence in seeking loan refunds, as "administrative" deficiencies. Other deficiencies include awards to ineligible students or to students enrolled in ineligible programs, inadequate collection procedures, erroneous interest computations, loans disbursed prior to commitment or to "no shows," and the sale or transfer of ineligible or uninsurable loans. "Fraud and abuse" violations occur when corrective actions are not taken and students or schools do not comply with the regulations.

The 517 schools singled out for review between July 1, 1977 and September 30, 1978 included 235 for-profit, 152 nonprofit, and 130 public institutions. From 6 to 58 percent were judged to have different kinds of administrative deficiencies, regulatory violations, and abuses.¹⁶ Though the statistics we have seen are less than clear, they appear to show that the for-profit schools had a higher incidence of deficiencies than the public or nonprofit institutions. Altogether, the deficiencies were judged to be serious at 10 percent of the schools. As of September 1978, the Bureau of Student Financial Aid had limited the participation of ten schools and terminated that of five.¹⁷ This BSFA effort has been criticized as quite inadequate by the New York State Consumer Protection Board:

The federal government cannot effectively monitor its program expenditures for vocational training....Until this reorganization [establishing BSFA], Region II [including New York, New Jersey, and Puerto Rico], which disbursed about \$297 million last year under the BEOG program alone, had one person to conduct on-site program reviews. Such reviews are the key first steps to determine whether full-scale audits should be conducted by HEW's Audit Division. The GSL program had two people to perform on-site reviews. Since the reorganization, BSFA has four people to conduct reviews for eight different programs, and the agency says it plans to visit each of the 700 institutions, including vocational schools, once every three years. However, it is very unlikely that reviews will be even this frequent since OE estimates that an average of ten person-days are required for each review.

This very modest deployment of resources to identify fraud and abuse by institutions reflects OE's overall priorities. The agency has decided internally that two other areas are to be given greater attention. According to OE personnel, its first priority is to collect loan payments due from students. Its second priority is the timely payment of claims to banks that have reported defaults by students. These priority items tend to keep the financial pipeline open to institutions. The program review function, the activity that would focus attention on institutional abuse, is third in line.¹⁸

Audits

The first annual report of the new HEW Inspector General's Office estimated that \$356 million was lost in 1977 due to loan defaults and student or school abuse and waste in student aid programs. Of that sum, about \$50 million was attributed to unpaid refunds, excessive interest, and criminal or civil violations by school officials in the guaranteed loan program. In addition, there were "one million loan amounts in default representing a debt to the federal government of approximately \$1 billion." Half of the financial aid cases handled by the Office of Investigation involved alleged fraud or abuse by schools and the other half, by students, state officials, and school owners or officials.¹⁹

The office has initiated moves to improve financial aid program management including:

- o Accelerated attention to investigation of fraud allegations;
- o Identification of student defaulters on the public payrolls;
- o Development of audit guides for independent auditors; and
- o Development of techniques for identifying school practices which lead to fraud, abuse, and waste.

HEW audits of 25 proprietary schools (including correspondence schools), conducted in 1976-77 in response to Congressional hearings on guaranteed loan program abuses, had focused on student recruitment, job

placement, refunds, and other financial matters.²⁰ It was then recommended that OE give high priority to examining school compliance with federal law, and that this examination focus on the school rather than individual federal programs. Accordingly, the HEW audit office in 1978 prepared a plan to study different kinds of schools to learn about their ownership, financing, and operating procedures in order to establish a "reliable methodology for identifying fraud-prone institutions."²¹ The office chose cosmetology schools as its first target.

Some of the 1,000 cosmetology schools, eligible because accredited by the Cosmetology Accrediting Commission, have been troublesome to OE. Their shaky finances and administrative instability, typical of many small businesses, had led to interrupted training, inadequate records, student complaints, loan defaults, and other headaches. The accrediting commission has appeared before the Commissioner's advisory committee repeatedly, but remains on the list of recognized agencies. Why? Because, despite evident difficulties, there are occasionally signs (or are they hopes?) of improvement; and because withdrawing recognition would raise grave problems. Either 1,000 schools would suddenly lose eligibility and clamor and sue for redress, or eligibility would have to be extended by other means (such as special action of the advisory committee).

The volume of fraud and abuse in this postsecondary sector must be small, since enrollment in all cosmetology schools (accredited and unaccredited) is estimated at under 40,000, down from about 60,000 in 1971. (For purposes of comparison, the fall 1977 enrollment at the main campus of Pennsylvania State University and the University of Minnesota was 38,691 and 64,162, respectively.)

There seems to be a tendency, in OE, to "go after" small schools, and, perhaps, a certain disparagement of proprietary schools. As one official acknowledged in an interview, "maybe the dollars are small, but we are having lots of problems, so we zero in on the small operators." Officials concede that similar problems exist at higher educational institutions, which can be as short of cash and as hungry for students as for-profit schools. In March 1979, Secretary Califano testified that, at some institutions, direct student loan defaults ran as high as 90 percent.

Past HEW audits at two- and four-year public and nonprofit institutions found few or no deficiencies in their financial stability, awards to ineligible students, recruiting practices, unwarranted inducements to lending institutions or refund policies and practices (Table 19). The finding on refunds was hedged: "this area received little or no coverage in the audits" and "we believe a potential problem exists." However, the colleges had far more deficiencies than proprietary schools in their eligibility and awarding procedures, accounting and record systems, "due diligence" efforts to get students to repay loans, and the provision of matching funds.

The most frequent deficiencies of proprietary schools involved refund policies or practices and financial instability. About a third were faulted on their student eligibility and award procedures, and accounting and record systems--compared to three-fourths of the colleges; from which it would appear that, whatever their faults, schools which are avowedly in business are indeed more businesslike than those which are not.

In 1978, 21 of 298 audit staff years were directed at student

Table 19

Deficiencies in HEW Audits of 77 Postsecondary Schools,
July 1974 - November 1977

Deficiency	Number with deficiency			Percent with deficiency	
	20 4-year Schools	7 2-year Schools	50 For-profit Schools	27 4- and 2- Year Schools	50 For-profit Schools
	(1)	(2)	(3)	(4)	(5)
Eligibility and awarding procedures	14	7	18	78	36
Internal controls, accounting, and records	15	5	15	74	30
Refund policies and procedures	-	-	34	0	68
Due diligence	12	4	14	59	28
Institutional matching	8	5	9	48	18
Financial instability or institution closed	2	-	20	4	40
Federal funds improperly used or accounted for	5	1	11	22	22
Federal cash balance excessive	4	2	8	22	16
Ineligible work projects, questionable work-study payments	7	2	3	33	6
Students in ineligible programs	-	-	7	0	14
Recruiting practices	-	-	7	0	14
Inducements to lending institutions	-	-	5	0	10

Source: HEW Audit Report, 1977, p. 154.

financial aid programs. The 1979 projection was 39 out of a total audit staff of 865. To the New York State Consumer Protection Board, this number was quite inadequate for the task:

HEW audits have been conducted at only three New York vocational schools. This is because so few cases have been referred to HEW's Audit Division by OE's handful of program review people, and because there are not enough auditors. Region II has 70 auditors, which might appear to be more than sufficient for the task until one realizes that HEW expenditures in Region II, through such programs as Social Security, Medicaid, and Medicare, run between \$40 and \$50 billion annually.²²

Social Security Administration

During fiscal year 1978, the Social Security Student Benefits program disbursed \$1.4 billion to over 700,000 unmarried, full-time postsecondary students between 18 and 22 (Table 20). Beneficiaries do not have to demonstrate need; they are entitled to benefits as dependent children of dead, disabled, or retired workers who have contributed a portion of their earnings through a payroll tax to the Social Security Trust fund.

Benefits were extended to this category of students in 1965, when there were no major federal need-based grant programs for students and the age of adulthood was 21. In fact, a justification for extending coverage was that

...a child over 18 who is attending school full-time is dependent just as a child under 18 or a disabled older child is dependent, and it is not realistic to stop such a child's benefit at age 18. A child who cannot look to a father for support (because the father has died, is disabled, or is retired) is at a disadvantage in completing his education as compared with the child who can look to his father for support....²³

Size

The student benefits population is larger than had been anticipated. In 1966, the program's first year, 376,000 students (nearly 8

Table 20

Outlays and Number of Beneficiaries of
Three Leading Student-Aid Agencies, 1976-78

Program, outlays, and beneficiaries	Fiscal Year		
	1976	1977	1978
<u>Student Aid Outlays (million dollars)</u>			
Office of Education	\$2,213	\$2,632	\$3,304
Veterans Administration	4,151	2,930	2,596
Social Security Administration	1,097	1,276	1,446
Total	\$7,461	\$6,838	\$7,346
<u>Number of Beneficiaries (thousands)</u>			
Office of Education*	5,671*	5,838*	6,352*
Veteran's Administration	2,089	1,426	1,186
Social Security Administration	660	690	727
<u>Average Outlay</u>			
Office of Education	\$ 390	\$ 451	\$ 520
Veterans Administration	1,987	2,055	2,189
Social Security Administration	1,662	1,849	1,989

* Duplicated count, as many beneficiaries received awards from more than one of the six programs included in these figures (Basic opportunity Grants, Supplemental Opportunity Grants, College Work-Study, National Direct Student Loans, Guaranteed Student Loans, and State Student Incentive Grants): the unduplicated counts have been dubiously estimated at 3.2, 2.3, and 2.8 million beneficiaries for fiscal years 1976, 1977 and 1978, respectively (See Federal Assistance for Post-secondary Education: Options for Fiscal Year 1979, Congressional Budget Office, May 1978, p. 17 and Special Analyses, Budget of the United States Government, Fiscal Year 1978 and 1979, pp. 182 and 223).

percent of all 18-22 year-olds enrolled in any school) collected benefits, a participation 27 percent higher and 66 percent more costly than the sponsoring Congressional committees had anticipated.²⁴ By 1978, the number of beneficiaries had tripled, though only an estimated 30 percent of potentially eligible students actually obtained benefits. The others did not go to school full-time or forfeited eligibility by marrying. Of over 900,000 students receiving benefits in 1978, 150,000 were in high school and the remainder, in postsecondary institutions.

Student benefits are a prescribed fraction of the entitlements for a parent no longer in the work force. The size of the benefit depends on the eligibility category, prior income, and size of the student's family; the larger the family, the smaller the payment. Checks go to the parent or guardian until the child is 18, after which they are paid to the "qualified student dependent" and subtracted from the family's total check. Children of deceased workers receive twice as much as children of disabled workers. Children whose parent's earnings history was high receive higher benefits than those of low-income parents.

A Dispersal Model

Social Security administrators do not consider this program an educational grant, but an entitlement. The type of school attended, the cost of tuition, and the student's educational purpose are irrelevant. Whether a student actually attends school has recently aroused staff interest, sparked by an impending overpayment scandal and intense pressures to reduce financial drains on the overburdened social security trust fund.

A Congressional Budget Office study has characterized the program as a "well-administered and quiet success at providing financial

assistance to 18 to 21 year old student children of dead, disabled and retired workers."²⁵ Its policies and administrative practices have facilitated the flow of funds to students. Its definitions of "approved school for attendance" are more liberal (or is it lax?) than those of any other federal program; its definitions of full-time attendance are broad and generous, the notable exception being denial of eligibility for correspondence courses; its reporting systems are simple, requiring little or no verification.

Defining Eligible Institutions

Social Security piggybacks on all and any federal, state, local, and private systems to define eligible institutions for program purposes. Only home study students are legislatively excluded from entitlement. The rules for approving educational institutions given in the Claims Manual utilized by district claims specialists include:

1. Schools "operated or directly supported by the U.S., or by any state or local government," including all public schools and those operated for dependents by the Department of Defense in foreign countries. Private schools directly supported by government agencies also qualify.²⁶

2. Schools "approved by a state, or accredited by a state-recognized accrediting agency as educational institutions." State approval includes licensure, veterans course approvals, the utilization of a school or courses by state vocational rehabilitation agencies, and similar federal programs administered by state agencies. A state or local tax exemption, or receipt of state financial aid, loans or scholarships may also qualify a school.²⁷

3. Schools accredited by agencies recognized by the Commissioner of

Education (the National Home Study Council is the single exception). Accreditation of a subdivision of an institution is considered to extend to the institution as a whole, and vice versa. Institutions are approved if only one program or department is accredited by a specialized agency. "If, for example, one school of a university or hospital is accredited, consider the parent institution accredited."²⁸

4. Schools "whose credits are accepted, on transfer, by not less than three institutions which have been accredited by a state recognized or nationally recognized accrediting agency, on the same basis as if transferred from an institution so accredited." The three-letter route applies to laterally transferred credits as well as high school credits used for college entrance.

5. Foreign schools whose students have transferred to three domestic schools and had those credits accepted.²⁹

For the convenience of district office staff, the Claims Manual lists schools included in the OE Higher Education Directory as well as accredited proprietary business schools and approved foreign schools.

What is a Full-Time Student?

The manual defines "full-time attendance" as "enrollment in a day or evening non-correspondence course and carrying a subject load which is considered full-time for day students under the institution's standards and practices; [our emphasis] the course of study must be at least 13 weeks duration."

Social Security staff know that, though they set standards for full-time enrollment, most colleges do not have attendance standards or maintain attendance records and may not know for some period of time

if a student is in class at all. Unlike the VA, which only pays benefits while the student is in school and has made an effort (which many college officials feel is excessive and unreasonable) to monitor current attendance, Social Security regulations define students as in full-time attendance "even during periods of nonattendance for up to 4 months."³⁰

Reporting System

In 1978, benefits were paid on the strength of a student's statement that he was, is, intends to continue, or will return to become a full-time student. This unverified "allegation" system has led to mischief and a new look at an old reporting system.

When the program began, 18 to 21 year-old students filed applications and both the student and the school confirmed admission and full-time enrollment. Institutions were asked to submit enrollment and withdrawal forms. However, program staff soon concluded that 100 percent institutional reporting on full-time attendance was untimely, unreliable, and unnecessary, resulting in delays in processing claims. Institutions were negligent in submitting withdrawal forms; half reportedly discarded the forms on the grounds that they used data processing equipment and did not maintain individual student files. To speed disbursement, school verification was dropped for high-school students in the late '60s; in 1974, it was discontinued for most college students.

The new policy was announced to the Social Security Offices around the country:

If the student in the month of attainment of age 18 is currently attending, most recently attended (is in a period of non-attendance), or establishes an intent to attend high school, junior college, college

or university in the U.S., and there is no indication that such attendance is other than at regular daytime sessions, full-time attendance can be established without contacting such school.³¹

A letter was sent to the American Association of College Registrars explaining this shift:

Due to the exceptionally heavy workload which the Social Security Administration is now experiencing...verification of full-time school attendance at junior colleges, colleges, or universities is being curtailed. Recent studies conducted by the Social Security Administration show that student claims involving college attendance in which the student was previously entitled to child's benefits (conversion at age 18 to student benefits), contain a relatively small percentage of cases in which the allegation of full-time school attendance made by the student failed to agree with the actual fact of attendance for those students who at the age of 18 are already on our rolls. Verification of attendance will continue for students filing for the first time or reapplying.³²

The response was appreciative: "...I am sure it will be welcome news for most registrars who are burdened with many special certifications. And I commend the adoption of this policy as a sensible judgment following your study."³³

Memories differ on the reasons behind the shift. Within the agency, this "expedient to relieve workloads" was clearly based on the belief that students were as reliable and honest as school officials. In addition, some staff believe that the shift was made in response to pressure from college officials. The Social Security Administration has never reimbursed institutions for operating costs, and the belief persists that staff of the American Association of Collegiate Registrars and Admissions Officers and individual registrars "vociferously" complained that they had neither the time nor the capacity to comply with "burdensome" paper requirements.

According to other informants, the Social Security forms were not particularly burdensome, because full time enrollment was defined by the

school and registrars did not have to submit data on course loads comparable to that required by the VA, OE, and Department of Defense.

Social Security continued to require institutional verification for students at trade and vocational schools, foreign schools, all cases of new entitlement (i.e., those applying for benefits for the first time after age 18), and re-entitlement cases (when students were out of school for more than four months).³⁴ According to SSA staff this meant that 93 percent of beneficiaries were rarely, if ever, checked.

Problems with Student Reporting

From 1974 to 1977, student beneficiaries mailed attendance cards to Baltimore once a year. The new system had the desired effect, a drop in case loads at the district level (though one claims supervisor estimated that student beneficiary work is only 2 percent of the workload of claims representatives). But by 1977, awareness of growing overpayment problems led program administrators to double reporting requirements by asking students to mail school attendance predictions twice a year, in May and September. If students neglected to file updated forms, payment was suspended. If students did not establish contact after a second notice, payments were retroactively terminated back to the month of suspension.³⁵

By the end of 1978, with General Accounting Office estimates of overpayments rising, the viability of the student reporting system came under intense internal scrutiny. Major criticisms of the system focused first on the "practically worthless" student reporting form, which permitted students to extend eligibility for up to four months in the summer by simply saying he intended to return to school in the fall, regardless of whether he did.

A second criticism was that, limited as it was, the reporting system was expensive by efficient Social Security standards. For this program is unique among the entitlements of the Social Security insurance system, in requiring continual monitoring once eligibility is established. If students are terminated for not submitting cards or drop out of school and then reenter, they must visit the district offices to reestablish entitlement. In 1978, students between the ages of 18 and 21 constituted 1.8 percent of all Social Security beneficiaries but it took 2.4 percent of available staff years to administer their benefits.

Taking a Closer Look

Before 1978, the Social Security Administration had no information on the number or kinds of schools beneficiaries attended. Faced with growing overpayments and "error rates," a survey of 4,500 beneficiaries was conducted to identify error-prone categories of students and schools. In November 1978, district officers were instructed to contact both students and schools to verify attendance.

Some program analysts believe there are few overpayments to students at high schools or four year colleges when there has been no break in the continuity of education, because their family was already receiving benefits before they were 18. These analysts favor a non-verification system, at least for such presumptively "low-problem" cases. Others want to verify all enrollments.

In early 1979, a school verification system for student full-time enrollment was reinstituted. The student reporting form was revised to provide for the signature of a school official and a statement of the requirements for eligibility, reporting suspension, and termination.

However, direct reporting of student enrollment by the school was dropped, on the theory that this duplicated the information students submitted and most problems would be detected by the OE data system. According to a computer match conducted by the HEW Inspector General, of 750,000 SSA student beneficiaries, 600,000 had applied for Basic Education Opportunity Grants. A 1979 General Accounting Office report, which recommended ending the SSA program, found that 218,000 SSA beneficiaries had also received BEOG grants in 1976-77.³⁶

An Anomaly and an Anachronism

While Congress has not formally reviewed this Social Security program since its enactment, pressure to reduce or eliminate it is growing because of anticipated demands on the Social Security trust funds. The Ford Administration suggested phasing out the program over a four year period after those in the pipeline received benefits. A similar proposal was advanced for the fiscal 1980 budget. The rationale was that:

1. 18 year-olds are no longer considered "children," but adults who can drink, serve in the armed forces, vote, and assume financial responsibility. Indeed, in 1974 Social Security began to make payments directly to students reaching the age of 18.

2. The current range and volume of student financial aid obviate the need for Social Security benefits.

3. Most OE financial aid programs are based on need: only Social Security (and, of course, the Veterans Administration) provides an entitlement. If need exists, students can get aid from other programs. Even if it does not exist, guaranteed student loans are available under the Middle Income Student Assistance Act of 1978, which eliminated any

"needs" test.

An alternative to abolition was presented in President Carter's first budget, which proposed limiting benefits to the highest amount of the Basic Educational Opportunity Grant. (Since Social Security benefits are scaled to prior earnings of the parents, it is theoretically possible for a sole-surviving student to collect up to \$6,000 a year.) Congress rejected this alternative as unfair.

Beneath these options rest basic disagreements about the purpose of the program: is it to provide student aid or a supplement to family income? Social Security Officials regard the program as purely a supplement to family income.

Benefits are paid not only in proportion to the level of earnings lost, but also in proportion to the size of the family dependent on those lost earnings...in recognition of the continuing family membership of the student....

Unfortunately, the student benefit is sometimes misunderstood to be a form of aid rather than a component of family income. Despite its name and the requirement of school attendance, the...program is not a grant, scholarship, loan or aid program.³⁷

Unfortunately, this "fundamental" distinction is clear only to Social Security. The Office of Management and Budget characterizes benefits as "student grants" and careful reading of the original Congressional justification implies a greater need by student beneficiaries other than 18-21 year-olds whose fathers were living and working.

However, viewing this program as a "need" program introduces other incongruities. Because benefits are determined by prior earnings, beneficiaries from the poorest families receive the least help. If the father runs away instead of dying, returning, or becoming disabled, the child is eligible for benefits from the Aid to Families with Dependent Children program, which makes lower payments than Social Security.

According to the General Accounting Office, some college students have combined Social Security, VA, and OE funds to collect benefits "exceeding their annual educational costs by more than \$1,000 and a few by more than \$5,000." GAO estimated that Social Security paid ineligible students from \$100 to \$150 million annually.³⁸

Discussion

It is ironic that while the VA has been accused of paternalism, the Social Security program, expressly designed for students who have lost a working father, flatly rejects that posture. Social Security staff do not consider the program to be educational and have little interest in its educational aspects.

The spare student reporting system has simplified program operations and reduced institutional paperwork but raised questions about overpayments and lax management. The vulnerability of the student reporting form stems from the broad statutory language, which permits students to collect benefits even when they are not in school. The new reporting form should serve to reduce abuse.

Social Security has enjoyed excellent relations with educational institutions. It is easy to see why. As schools' reporting expenses are not reimbursed, staff are reluctant to add to their reporting requirements. The peculiar belief persists that these are not educational but family benefits, although, in 1977, they went to about one-eighth of all 18-22 year-olds enrolled in higher educational institutions. Since OE and VA financial aid is avowedly educational and benefits schools as well as students (directly, via tuition, or indirectly, via appropriations based upon enrollments), these agencies have little difficulty, in principle (if some in practice), in requesting school

reporting and verification. VA pays schools a per-capita sum for their reporting costs; OE has requested but not received an appropriation for this purpose.

As a disbursal machine, Social Security has been enormously successful; its computers dwarf those of the VA. Disregarding issues of educational quality or student progress, it is not plagued by nagging issues of value for money. Because its funds do not come from general tax revenues, it has faced fewer questions of accountability to taxpayers.

At the Office of Education, by contrast, concern with financial accountability and educational quality has been mounting as programs have grown in size and scope to include, like GI Benefits, almost the entire range of postsecondary schools. It is widely recognized that the "quality" controls and determinations of accrediting, state, and federal agencies have been inadequate; that funds have been misused by numbers of schools and students; and that alternative routes to eligibility (such as the three-letter rule, and direct federal determinations) can produce results no better than those of accrediting bodies. The "triad" may exist, but it is weak and disjointed and suffers from lack of coordination, lack of common information and common trust, and from ill-defined responsibilities.

The Office of Education has begun to certify and review institutions participating in its programs, creating, in effect, a new eligibility system operated directly by the government. The pertinent unit has a staff of 150, five times that of the Division of Eligibility and Agency Evaluation, which previously handled the eligibility system alone.

OE regulations require extensive institutional records and reports and emphasize federal oversight to attest to institutional management capabilities and performance. The 40 positions in the HEW Inspector General's office add to the costs of this system--and to the specter of federal control of education.

Testifying before a Congressional committee in June 1977, Mildred McAuley of the National Association of Student Financial Aid Administrators stated that most fraud and abuse is unintentional; that audit exceptions often result from the lack of clear and current program guidelines and administrative manuals; that inconsistency in the interpretation of guidelines by OE staff creates confusion and misunderstanding in the higher education community; and that the failure to provide adequate staffing and support services to administer student aid funds correctly can lead to their mismanagement.

McAuley recommended that, rather than resorting to more and more regulations, OE should take the following steps to combat fraud and abuse:

1. Timely issuance of Federal regulations;
2. Development and regular updating of comprehensive program manuals;
3. Funding for comprehensive financial aid training programs;
4. Initiation of in-service training programs for Office of Education personnel who...have had limited or no on-campus administrative experience;
5. Regular institutional program reviews;
6. Development of varied institutional compliance penalties which are appropriate for the severity of the infractions;
7. Working cooperatively with the recognized professional associations to confront and eliminate all forms of program abuse.³⁹

Within OE, thought is being given to the kinds of aid and incentives that might induce states sensitive of their independent powers and prerogatives to improve and strengthen their licensing and "monitoring" (a delicate substitute for "regulating") of postsecondary schools. In a December 14, 1978 statement to the Commissioner of Education's Advisory Committee on Accreditation and Institutional Eligibility, the Council on Postsecondary Accreditation asked it to consider the following priorities when recommending accrediting and eligibility policies:

Developing a consistent, compatible, coordinated system for determining institutional eligibility for all federal programs should be a higher priority than trying to refine the eligibility process used primarily for OE-administered programs.

Encouraging and assisting the states to develop adequate comparable approaches to the chartering and licensing of institutions as a foundation stone to eligibility and consumer protection should be a higher priority than trying to refine more precisely the elusive concept of educational quality.

Evaluating the various alternatives to accreditation now being used as presumed indicators of education quality should be a higher priority than trying to fine tune or change the accreditation process itself.

Finding ways to enable accrediting bodies to demonstrate that they are reliable authorities as to educational quality should be a higher priority than attempting to force them to organize and operate in predetermined ways or take on responsibilities other than that of evaluating educational quality.

Studying and improving the role of the Advisory Committee as an important balancing and oversight mechanism should be a higher priority than contemplating the creation of some elaborate new machinery for eligibility purposes.

This is not the first or last call for a single--or at least a coordinated and interlinked--system to establish and supervise eligibility standards for all student aid programs and provide a clearinghouse for information about the schools which receive federal funds.

Partly in response to COPA's criticism of excessive OE regulation of private accrediting, the Commissioner of Education proposed to drop most specialized accrediting associations from his list and limit it largely to institutional accrediting associations. In July 1979, former HEW Secretary Califano went further and recommended that school eligibility for OE student aid no longer be based on accreditation but on state licensure and eligibility criteria administered directly by HEW.⁴⁰

Footnotes

1. Interview, November 22, 1978.

1a. GI Bill Improvement Act of 1977, Report together with separate views of the Committee on Veterans' Affairs, U.S. Senate, to accompany S.457, October 3, 1977, pp. 106-7.

2. Oversight Hearings on All Forms of Federal Student Financial Assistance, Hearings Before the Subcommittee on Postsecondary Education of the House Committee on Education and Labor, 94th Congress, 1st Session, May 25, June 1, 8, 9, 16, 21, 1977, p. 52.

Basic Educational Opportunity Grants, an "entitlement program," began in 1973. It was the first student aid program administered directly by OE. Grants, based on family income and the cost of school attendance, may not exceed one-half of the actual costs of attending school. The maximum 1978-79 award was \$1,600. BEOG is considered the cornerstone of federal aid for needy students. Its funding has risen rapidly. In 1977-78, 2 million students at about 6,000 institutions received BEOGs. About 1.4 million were from families with annual incomes below \$9,000. In 1978, BEOG constituted 64 percent of the total OE student aid budget.

The National Direct Student Loan program provides some 3,400 institutions with funds for low-interest loans to needy students who pursue a course of study at least half-time. It was established under Title II of the National Defense Education Act of 1958. The Education Amendments of 1972 changed its name from the National Defense Student Loan to the National Direct Student Loan program. Loans are made from a revolving fund at each institution. Since 1958, 9 million students have received NDSLs. In academic year 1976-77, the NDSL appropriation was \$317.1 million; about 825,000 students then received loans from 2,867 institutions.

The College Work-Study Program provides 80 percent of the salary of a student's part-time employment for both on- and off-campus jobs. In 1977-78, 850,000 students at 3,200 institutions earned an average of \$545, at a cost to the federal government of \$387.9 million.

The Supplemental Educational Opportunity Grant program provides institutionally-based formula grants to students with exceptional financial need. In November 1975, Congress authorized \$70 million for this program and, in 1977-78, \$340.1 million. In 1977-78, about 440,000 students at 3,500 institutions received grants averaging \$546.

The State Student Incentive Grant Program provides funds to states on a matching basis to establish their own scholarship or grants program. In 1979, some \$76.8 million of federal funds will help to support about 255,000 students under this program.

The Guaranteed Student Loan program insures low interest loans made to students by commercial lenders or educational institutions and reinsures loans insured by state guarantee or nonprofit agencies in 31 states. The objective is to provide loans to students attending postsecondary schools. The program is designed to utilize private loan capital supplied primarily by commercial lenders and also by some state agencies and educational institutions which act as lenders. Loans are guaranteed either by state agencies (reinsured by the federal government) or by the Office of Education. About 8,120 institutions are eligible for this program. More than 11 million student loans have been made by banks and other lenders since the beginning of the program in 1967-68. In 1977-78, about one million students received loans averaging almost \$1,700. 1978 legislation expanded GSL to reach middle-income students. Full and half-time students from families at any income level can qualify.

3. Higher Education and National Affairs, October 20, 1978, p. 2.

4. Oversight Hearings on All Forms of Federal Student Financial Assistance, p. 71.

5. When the Guaranteed Student Loan program was enacted in 1965, OE used a Vocational Education Advisory Committee to make eligibility decisions for unaccredited proprietary schools. For unaccredited flight schools, state and Federal Aviation Agency approval were also required. In January 1968, state approval was dropped but assurance was required that all courses offered to borrowers were approved for veterans benefits.

A 1970 revision of these rules stated that "the school must meet financial standards that reflect sound financial management and stability. The school must maintain a refund policy that reflects as a minimum the pro-rated refund policy of the VA." In addition, schools had to certify that loan applications would only be endorsed if all courses were approved both by the FAA and the State Approval Agency for veterans training.

In 1970, an intern investigating flight schools concluded that OE should more carefully consider the statutory question of whether vocational training programs led to "useful employment in recognized occupations." She found that eligibility procedures examined neither the need

for particular programs nor the quality of training offered. She suggested that OE rely less on FAA and either evaluate quality itself by a more probing eligibility form or assign the task to the National Association of Trade and Technical Schools (NATTS). The intern was concerned that once a flight school was approved by FAA, it was not reassessed and there was no way to drop it. She noted that the eligibility of flight schools for Guaranteed Student Loans was encouraging new schools to open and students to begin costly vocational study with poor job prospects.

NATTS ultimately became the approved accrediting agency for commercial flight schools and 180 eligible schools were given until November 1975 to gain accreditation or lose their eligibility.

6. Division of Eligibility and Agency Evaluation, "Accomplishments During the Past 18 Months," August 28, 1978.

7. The three-letter procedure was first incorporated in the National Defense Education Act of 1958. An unaccredited institution could become eligible if its "credits are accepted, on transfer, by not less than three institutions which are so accredited for credit on the same basis as if transferred from an institution so accredited." This alternative was reputedly designed to help students at Orthodox Jewish and Christian schools, as well as small, long-established liberal arts colleges. Regulations issued in 1970 required schools to establish that accredited institutions had, in fact, accepted their transfer credits. In 1966, the National Commission on Accrediting sought to eliminate this alternative, but was dissuaded after conversations on the Hill and the Office of Education (see Harold Orlans et al, Private Accreditation and Public Eligibility, p. 426). The 1977 Perkins report recommended discontinuing this alternative, or keeping it with "additional controls... to ensure integrity" (p. 140).

8. This alternative came into practice with the Higher Education Act Amendments of 1968 to deal with vocational schools which did not have access to a nationally recognized agency. Schools were blanketed in by category on the recommendation of the AIES advisory committee, which, not wanting to make individual school determinations, extended eligibility to classes of schools until five years after accreditation became accessible to them by the Commissioner's recognition of a suitable regional or national accrediting agency.

Under this procedure, eligibility was extended in 1969 to about 750 for-profit trade, flight, aeromechanic, barber, and cosmetology schools licensed by states found to meet criteria enunciated for this purpose. After the National Association of Trade and Technical Schools and the Cosmetology Accrediting Commission were recognized by the Commissioner in 1967 and 1970, schools which had been rendered eligible in this manner were notified that they must gain accreditation in five years or lose their eligibility (Orlans et al., p. 397). Public and nonprofit vocational schools in 11 Southern states were given 5 years to gain accreditation when the Commissioner recognized the Commission on Occupational Education of the Southern Association in June 1979. The Perkins report recommended that interim approval procedures be extended by

statute to all institutions seeking to participate in any student aid program.

9. The Higher Education Facilities Act of 1963 permitted eligibility for unaccredited institutions by action of "an advisory committee... which shall prescribe...standards...which must be met" or by the Commissioner's determination that "there is satisfactory assurance [of accreditation]...upon completion of the project for which...assistance is requested...."

Unwilling to make direct eligibility determinations, OE sought to rely on statements of "reasonable assurance" by the regional accrediting bodies. However, unhappy at delays which ensued in their gaining candidate status, community colleges and area vocational schools asked OE for direct action. Of 22 requests to the Commissioner for "satisfactory assurance" in 1974, 8 were approved, 1 denied, and 13 deferred.

When satisfactory assurance requests are received, the school is required to show evidence that its application for accreditation is being considered by a recognized agency and that the agency has scheduled a site visit to the school. OE then appoints its own site-visit team of consultants. Using the appropriate accrediting agency standards as a guide, the team evaluates the school's progress toward accreditation and submits a report to the advisory committee, which offers its recommendation to the Commissioner. The Perkins report recommended that this procedure "be used rarely and only when an unaccredited institution cannot be accommodated through any other available procedure" (p. 41).

10. Joan S. Stark, The Many Faces of Educational Consumerism, Lexington Books, Lexington, Mass., 1977, p. 40.

11. Federal Register, August 10, 1978, pp. 35624-5.

12. Report to the Secretary, Recommendations for Improved Management of the Federal Student Aid Programs, Department of Health, Education, and Welfare, June 1977, p. 39.

13. Ibid., p. 37.

14. Federal Register, August 10, 1978, p. 35626.

15. HEW Secretary Joseph Califano, Statement before the Subcommittee on Intergovernmental Relations and Human Resources of the House Committee on Government Operations, July 27, 1978.

16. 300 (58 percent) had general program administrative deficiencies; 219 (42 percent), student record deficiencies; about 186 (36 percent), accounting deficiencies; and about 103 (20 percent), general regulatory violations.

17. The October 6, 1978 Higher Education and National Affairs identified three of the postsecondary schools barred from participation the Daniel Hale Williams University in Chicago, Corona College of

Cosmetology in Corona, Calif., and the National Institute of Health Science in Long Beach, Calif. In addition, the article reported that CBM Education Center in San Antonio, Texas and Central University of Iowa could not participate in single programs because of inadequate funding statements (p. 8).

18. The Profits of Failure: The Proprietary Vocational School Industry in New York State, A Report by the New York State Consumer Protection Board, Albany, July 20, 1978, pp. 69-70.

19. Annual Report April 1, 1977-December 31, 1977, Office of the Inspector General, Department of Health, Education, and Welfare, March 31, 1978, pp. 54-5.

20. The audits found that, "At 16 schools, over \$30 million in refunds to students, GSL lenders, or OE were...late, incorrectly computed, or not made....Seven schools were found to be using misleading or inaccurate information about job placements, class size, and other recruiting data" (ibid., p. 108).

21. Ibid., p. 60.

22. The Profits of Failure..., p. 71.

23. Quoted in Social Security Benefits for Students, Congressional Budget Office, May 1977, p. 3.

24. Idem.

25. Ibid., p. 14.

26. For example, Missouri Associated Migrant Opportunities Services, Inc., supported by the Community Action Program; the Chicago Institute of Technical Training, which instructs welfare recipients by agreement with the Cook County, Illinois Department of Public Aid; and the Madera, California, Employment Training Center run by the U.S. Department of Labor have been approved for Social Security beneficiaries (see Orlans et al., p. 442).

27. Thus, CM and I College of Jackson, Mississippi was approved because it received free textbooks from the state in 1966; the People's Bible College in Colorado Springs was eligible because of its exemption from local property taxes; the School of Hope in San Bernardino demonstrated a state tax exemption. A school in one state can also be eligible if used or approved by a government agency in another state. Automation Training, Inc. of Missouri became eligible on the basis of its approval by the Pennsylvania Department of Public Instruction (ibid., p. 443).

28. Claims Manual, "Section 349, Accreditation," Social Security Administration, TN 4416-6-78, p. 347.

29. When the social security beneficiary programs were extended to full-time students 18-22 years old, staff at the Overseas Program Branch of the Social Security Administration visited the Comparative Education branch of the Office of Education for assistance and guidance in approving foreign schools. They were not given the list of foreign schools they sought but merely the names of the reference works used by OE staff. To obviate having to assess each institution as applications came in, they decided to include all schools cited in these works in this first master list.

They next went to the American Association of Collegiate Registrars and Admissions Officers (AACRAO) to discuss the three-letter alternative to accreditation. They had found only Canadian professional schools and a few other schools accredited by U.S. agencies. For administrative convenience, they hoped it would be possible for three accredited U.S. institutions to state that they would accept credits from any foreign school. ACCRAO staff gave them little comfort. The acceptance of credit was often determined not by the registrar but individual departments. A school's credit was not accepted carte blanche; an individual judgment was made about each applicant's record. However, AACRAO agreed to circulate a seven-page, two-column list of foreign schools which had beneficiaries applying for entitlement to determine which of their members would accept credit from which schools. After six months, 14 schools were thus rendered eligible.

In 1978, all foreign secondary schools were "blanketed in" when three accredited District of Columbia high schools said they would accept credit from any foreign secondary school. German technical institutions were also blanketed in when three German branches of accredited American universities attested to the acceptance of their credit.

The first Social Security list of foreign schools, in 1966, contained 550 schools. By October 1972, there were 1,253.

Student beneficiaries are sent a form which the foreign school must complete, certifying their full-time attendance and the names and addresses of students who have transferred to three domestic schools. The Division of International Operations then determines if their credits were indeed accepted. If not, the student's claim is disallowed and he must find another foreign school or three accredited domestic schools which will accept his credits.

30. "A period of nonattendance is any period in which a student is not a 'full-time student' (i.e. he is not attending school, he is attending school less than full-time, or he is attending a school that is not an educational institution)" (Claims Manual, p. 344.5).

31. "Curtailling Development of Full-Time Attendance," Claims Manual, 3314 7-74.

32. Letter from Hugh McKenna, Director, Bureau of Retirement and

and Survivors Insurance, to Betty L. Burns, American Association of College Registrars, February 14, 1974.

33. Letter from Betty L. Burns to Hugh McKenna, February 25, 1974.

34. When a student comes into a district office for entitlement, the claims representative verifies school "approval" in three ways: First, he checks a local list compiled from any and all state or local agencies (Vocational Rehabilitation, CETA, the state approval agency for veterans' courses, etc.). Then he consults the Claims Manual which lists many eligible schools and accrediting agencies recognized by the Commissioner of Education.

If a school or institution is not found in these sources, he examines the "precedent file," a looseleaf booklet which contains "special determinations" (and denials) of eligibility by local Social Security field representatives. Claims representatives spend little time on institutional verification, which takes an estimated 20 percent of the time they devote to student beneficiaries.

35. 750,000 letters of intent were mailed to students in 1977. Payments to 85,000 who did not respond were suspended; 65,000 were later reinstated after reapplication and 16,000 were terminated; 1,600 of these were later reinstated.

36. Spencer Rich, "GAO Backs Cut in Student Social Security Benefits," Washington Post, February 9, 1979, p. A6.

37. Bulletin, Social Security Administration, November 1976, p. 24, as quoted in Social Security Benefits for Students, Congressional Budget Office, May 1977. p. 14.

38. Spencer Rich, op. cit., p. A6.

39. oversight Hearings on All Forms of Federal Student Financial Assistance, op. cit., p. 641.

40. July 19, 1979 testimony by HEW Secretary Califano before the House Subcommittee on Postsecondary Education, Committee on Education and Labor.

13. THE EDUCATIONAL CLIMATE

This chapter will outline a number of major developments in higher education which Vietnam-era veterans and the VA encountered and had to contend with. It is confined to higher educational institutions simply because they are the best documented sector of postsecondary education. Neither for-profit nor public vocational schools are monitored so assiduously and comprehensively; even their exact number is unknown.

However, we think (we could be wrong) that for-profit vocational schools have changed less since 1966, for good or bad, than degree-granting institutions. The number of accredited schools has grown and the public standing of the proprietary sector has slowly and slightly improved, as attested by its increasing inclusion in federal and state student aid programs, in state postsecondary planning bodies, and in some private councils jointly with representatives of higher education. (But it should not be mistaken for the achievement of equal status; at most, it represents a downward extension of the pecking order of higher education.) The very word "postsecondary" is an achievement for vocational education, since the major difference between it and "higher" education is the inclusion in the broader term of post-high school vocational, industrial, continuing, and adult education conducted by schools and organizations which do not grant degrees.

A number of for-profit schools have begun to grant associate and bachelor level degrees, and have changed from the clock-hour system of scheduling classes, characteristic of secondary schools, to the system of awarding credit for classes, which commonly meet for

fewer hours in the week, characteristic of degree-granting institutions.

The perennial problems and scandals of the industry persist. Its strongest supporters condemn, but cannot eliminate them and say they characterize only a minor number of schools. Critics say the number is not minor and the problems taint the entire industry. That is unfair but may be true, just as the watering of credit and degrees by some institutions of higher education taints all institutions in some measure. The odor spreads beyond its source. The persistent problems include the selling of federal and state student aid; misrepresenting the quality and value of training and the chances of subsequent employment; inadequate tuition refunds to students who drop out; and bankruptcies which leave students (and taxpayers who have funded them) high and dry. The persistent virtue of proprietary education is its lean, intensive, practical, no-frill and no-nonsense training. At its best, it presents an admirable model of serious, efficient, and effective education which few higher educational institutions can, or wish to, match.

The Roller Coaster Ride

The years since the passage of the Vietnam Era GI Bill in 1966 have been a roller coaster ride for higher education: a long ascent to a breathtaking height followed by--who knows?--a level stretch, a gradual decline, a terrifying plunge, or, some incorrigible optimists insist, a resumption of the ascent. To be sure, different institutions and states are at different points on the track, even on different railways.

Between 1966 and 1978, enrollments rose from 6.4 to 11.8 million:

237 percent (from 1.3 to 4.5 million) at two-year and 44 percent (from 5.1 to 7.3 million) at four-year institutions. As these statistics indicate, the bulk of the expansion occurred at community and junior colleges, where a large proportion of Vietnam era veterans also enrolled.¹

The rapid growth of the 1960s and '70s stemmed largely from the increased number of persons 18-24 years old, the traditional college age range (reflecting a sharp rise in the birthrate in 1945-57 and a slower rise from 1950-57), and the increased proportion of high-school graduates entering college.²

By the mid-1970s, the college-age population was leveling off and the proportion of high-school graduates entering colleges was stabilizing or falling slightly. Higher education enrollment fell 170,000 or 1.5 percent in 1976, the first drop since 1951. Much of the modest rise in subsequent years was due to the enrollment of more women and part-time students. The proportion of 18-24 years old males enrolled in college had actually declined (from 44 percent in 1969 to 35 percent in 1976), while that of women increased (from 38 to 43 percent).³

In 1960, there were 16.1 million persons 18-24 years old; in 1975, 27.6 million. Their number will peak at 29.5 million in 1980 and 1981 and decline thereafter to 22.9 million in 1996.⁴ This imminent and protracted decline in the size of the traditional college-age cohort, an irrevocable consequence of the protracted decline in the birthrate in the years after 1957, is the overriding factor driving recent higher education enrollment plans, projections, and forebodings.

Many high-school graduates have turned away from immediate enrollment in college, because of the end of the draft, increased college costs, less favorable job prospects for college graduates, and the liberalization of college regulations on enrollment and "stopping out." Between 1968 and 1974, the proportion of male high-school graduates going directly to college or vocational school dropped from 63 to 49 percent.⁵ The proportion of college students who were under 25 has declined;⁶ older students were more likely to work and to attend part-time.

The economic advantage of college and especially of graduate school in many fields has decreased, while the costs of tuition have risen more rapidly than consumer prices. "Between 1961 and 1974, the consumer price index...increased by 55%, while the higher education price index (goods and services purchased by higher education institutions) increased by 97%, and the student tuition price index increased 120%."⁷ As tuition has risen, the relative value of a college degree has fallen. Full-time workers 25-35 years old who were college graduates earned 39 percent more than high-school graduates in 1969; in 1973, 23 percent more.⁸ The Bureau of Labor Statistics anticipates that "the vast majority of the 46 million job openings expected between 1976 and 1985 will require fewer than four years of college training."⁹ A 1974 review found "manpower surpluses in some professional fields (teaching), significant though reduced demand in others (law), a very slight demand for most liberal arts graduates....At the Ph.D. level, supply is considered almost universally to outpace demand...."¹⁰ The prospects for those with doctoral and masters degrees in fields that have catered primarily to the once growing market for college and secondary school

teachers were especially bleak.

With rising costs, shaky enrollments, investment income lagging behind inflation, and legislatures bent on economizing, many institutions are in financial difficulty. Of 319 private colleges recently surveyed by the General Accounting Office, 25 percent stated that they were in "serious" or "substantial" and 24 percent, in "moderate" financial difficulty."¹¹ Public institutions face opposition to increased state expenditures and taxes. In July 1978, California community colleges were threatened with an annual revenue loss of over \$500 million, on one estimate, due to a constitutional amendment restricting property taxes; in the November 1978 elections, limits on taxes or spending were endorsed by voters in eight states.

Coping with Crisis

Institutions have attempted to cope in a variety of ways. A fourth have entered into some cooperative arrangement in which they share administrators, faculty, students, facilities, or programs.¹² Calendars and classroom schedules have been compressed into shorter periods and fewer buildings to save energy and maintenance costs. Where additional income can be extracted, on the other hand, classrooms and dormitories may be used throughout the year. Many institutions shifted from semesters to quarters to make fuller use of their faculty and facilities. Janitorial and secretarial services, supplies, telephone and travel budgets, and perquisites such as free tuition for faculty children have been cut. In some institutions, courses, degree programs and departments have fallen, despite faculty resistance, before the axe of economy-minded legislators, trustees, and administrators.

Some institutions have implemented across-the-board personnel cuts; others have frozen appointments; the number of tenure appointments has been reduced, teaching loads have been increased, and more part-time faculty have been hired. The earlier hope that programmed instruction and other technologies might reduce costs has not been realized.

Fund-raising campaigns have been launched, the clinical fees of medical school physicians, and other service charges, including charges for room and board, and, above all, for tuition, have been raised. At many institutions, income from tuition now contributes a higher proportion of revenue than a decade ago; however, if it is to keep up with, or exceed, inflation, the supply of students must be sustained.

Marketing for Students

An effort has been made to open new student markets by appealing to:

- o both sexes (where formerly a college enrolled only men or women)
- o adult and transfer students
- o persons employed full-time and seeking part-time education
- o those in prison, homes for the aged, and other institutions
- o undereducated persons of all ages and income
- o students in "upgraded" vocational programs for which college credit and associate or higher-level degrees are now being offered
- o those in need of initial or continuing vocational or professional training
- o high-school juniors and seniors who meet college standards

- o foreign students
- o handicapped persons
- o minority groups
- o veterans and servicemen

Students may be sought for credit and noncredit, residential and extension, traditional and nontraditional courses: whatever offerings are successful will be expanded. Between 1968 and 1976, the number of institutions offering noncredit courses rose from 1,102 to 2,225.¹³

Patricia Cross distinguishes between nontraditional students, "adult part-time learners for whom education is a secondary...activity," and new students (an expression she uses more narrowly than we have done in this chapter), "who are educationally disadvantaged...[and] need help with basic skills, motivation, and guidance...." In her view, "nontraditional" or adult learners "tend to be achievement oriented, rather independent, and their primary educational needs are for [appropriate] schedules, curricula, and instruction...." However, "new students" are poor students; "they share the common experience of poor past performance in school. Without 'open admissions' and 'special' admissions, they would not be considered 'college material'."¹⁴

Among the "new students" have been many foreign students, often recruited with blank immigration forms improperly pre-signed by college officials. One recruiting firm has received 15 percent of tuition for each student; in addition, the signed forms, which ensure a visa, have had a market value of \$500. "'They're getting the idea in other countries that you don't have to be a good student to get into an American school, that any dummy can do it if he has the money,' said Frederick Lockyear,

a consultant for the College Entrance Examination Board...."¹⁵

Many institutions are employing seemly and unseemly commercial marketing concepts for their "products"--courses, credits, and degrees.

An ad on the back cover of an issue on marketing of a rather staid educational series reads:

College Presidents who once blanched at the term marketing now bandy about such words as positioning, strategy and break-even level.... Academic deans who once concerned themselves with merit raises and research grants are now asking..."is there a solid market for the older adult?"....In short, marketing--exchanging something of value for a price, getting the right product to the right people at the right time--has come out of the college closet and into college administration offices, board rooms, faculty clubs and classrooms.¹⁶

College recruitment, promotional, and advertising budgets have risen markedly. A new crop of consulting firms has sprung up offering a variety of marketing and recruitment services; some operate on a commission basis, like recruiters for proprietary schools. One firm specializes in advice on how to keep students from transferring or dropping out. (On one measure, the dropout rate among students enrolled for the bachelor's degree was 47 percent; for the master's, 18 percent; and for the doctor's, 50 percent.)¹⁷ Dropouts tend to be high among the "new" types of students.

In an earlier study two of us conducted, we suggested that

...advertising may be considered offensive or improper if it is placed in a "help wanted" section, appears to offer jobs, claims to offer "free" placement service when the costs of the service are covered by tuition, suggests that all graduates may receive high salaries or good jobs, exaggerates the demand for graduates or starting salaries, claims to offer the "best" education at the "lowest" prices....The propriety of advertisements by public institutions which...engage in active solicitation may also be questioned.¹⁸

Other enticements to college, such as the beauty of a nondescript campus or the social value of a nondescript degree, can also be misleading. It

is not difficult to find many examples of misleading, offensive, or improper recruitment materials and advertising by regionally accredited colleges and universities.

Community Colleges

The community colleges which absorbed so much of the increased enrollment of the Vietnam era (and helped to stimulate it), did so in countless ways: by locating their main and branch campuses conveniently in population centers; by charging low or no tuition; by offering almost every and any kind of program (remedial and collegiate, traditional and novel, advanced and elementary, academic, professional and pre- or para-professional, vocational and avocational) in almost every kind of educational format to almost every kind of student (old or young, bright or dull, full- or part-time, night or day, educated or uneducated); and often by lenient admissions, attendance, and grading policies.

By addressing the interests of diverse social groups, the junior college which, at the turn of the century, had emulated the private liberal arts college, was transformed into a larger, more complex, bustling institution offering a wide range of subjects to students of varied economic and social backgrounds, ages, and aspirations. Short courses, weekend, evening, and night courses, extension sites, cooperative work-study, and other arrangements attracted adults, dropouts, and high-school graduates who might otherwise never have gone to college. Many "new students," C students in high school, had little interest in the liberal arts and sciences, in culture or abstract ideas. "For the majority, the motivation for college does not arise from...interest in learning...but from the recognition that education is the way to a

better job and a better life...."¹⁹

Attracting students from poor, poorly educated, and minority families, junior colleges in some ways represented a social bifurcation of education. Tillery has gone so far as to call the structure of postsecondary education "'racist'....Elite public and private colleges are skimming off the bright, white and affluent college-going youth, while junior colleges are expected to serve the great mass of students whom the senior institutions do not want."²⁰ Non-whites comprised 19 percent of all full-time students in higher education in 1976, but 33 percent of those at two-year colleges.²¹

The two-year college became an educational version of the public library, aiming to serve all who cared to enter for as long as they cared to stay--for serious study, to learn how to repair a car, to listen to music, to read a newspaper, pursue a hobby, or get in out of the rain. Many enrolled because of grants, loans, and veterans benefits--they were financially better off in school than out; and, since the colleges were better off with more students (who meant more revenue from tuition or appropriations), it was not in their interest to reduce enrollments markedly by strict admissions, grading, or attendance policies.

We do not mean to give a one-sided picture. A good community college is an invaluable social institution whose vibrant activities contrast strikingly with the unworldly character of traditional colleges. One of the most impressive institutions we visited was a community college in the downtown area of an industrial city. The college was housed in a large modern building attached to an older building with lathes and heavy metal-working equipment, where classes once ran around

the clock to meet a heavy demand for pipe welders. In one entranceway, plants grown in class were being sold to a milling crowd. The brick walls were hung with bold textiles and tapestries woven in class. Bakery products baked by students in school ovens were sold in a school store and meals prepared by student chefs in school kitchens were served in the cafeteria. English classes were offered for Vietnamese and Spanish-speaking immigrants. Hand translators and special materials enabled several hundred deaf and blind students to attend regular classes. A social studies class was meeting in one room; a sewing class with middle-aged women students, in another; the modern equipment in a photography lab was in active use. A "homemaker's" class was underway in a large room with a wall-to-wall rug and simple, sturdy, attractive furniture, toys, and equipment. Half a dozen mothers (some, unmarried) and young children sat and played quietly on the floor, while a gray rabbit hopped about, disregarded by all. It was late morning and 8,000 students were in attendance, yet the building did not seem crowded; nor was there any sign of vandalism, defacement, or litter. If this college is only half as good as it seemed, it is an incalculable asset bringing useful knowledge and arts and a vital sense of purpose and fraternity to the community.

All community colleges, and the four year institutions which have sought to emulate them in one or another way, are not that good all the time. It takes little for a school to lose its luster. The budget is cut; the admissions office no longer admits students, it recruits them; a cheating scandal erupts and, after protracted inquiry, no one is punished; the building grows dirty; earnest students grow idle;

tolerance for excusable absence becomes tolerance for any absence; the faculty no longer care, standards grow lax, and the school loses its integrity. The staff and students, the formal programs and policies remain the same but the spirit has gone out of the place, no one knows how to restore it, and a thriving college has become shiftless and meretricious.

Open Admissions

Open admissions is a system in which a high-school graduate or non-graduate may enroll in a college irrespective of his high-school performance, finances, or other circumstances. It has often been designed to encourage the enrollment of Blacks, Hispanics, and other minorities. In 1978, some 76 four-year public institutions practiced open admissions,²² but the policy was most common among two-year public colleges. As the number of applicants declines, it is being adopted by four-year private colleges as well--for those who can pay or borrow the necessary tuition.

Four-year colleges, such as the Universities of Arkansas and Alaska and Federal City College, often introduced open admissions with some misgiving. Nowhere was the change more sweeping than at the City University of New York, which, in 1970, guaranteed admission to every high-school graduate. At City College, 70 percent of English department courses were formerly in literature; under open admissions, 70 percent were in elementary writing and composition. "In 1970, almost 90 percent of City College students took some form of remedial instruction in writing....The problem for one-third of the open admission students was literacy, for another third, competence, for the last third, college level English." Already in the 1960s, the college had

...abolished requirements and prerequisites and had arranged elective courses in a cafeteria curriculum that made basic skills and basic knowledge seem irrelevant, structure obsolete, and sequential study unimportant....The liberal arts college functioned primarily on the pleasure principle. Students enrolled in the courses they wanted.

Under open admissions, students deserted hard electives in literature, languages, philosophy, history, and political science for popular courses in ethnic studies, ethnic sociology, and ethnic literature.

...most students were no longer motivated to read--assignments grew shorter and even those were rarely read. In desperate measures redolent of Madison Avenue, the faculty created sexy courses to attract students: gay literature, Jewish fertility. They even tried to sell the courses with gaudy posters or notices in campus newspapers....College had become a kind of cheap academic stock market, and teachers were stock-brokers in an inflationary educational economy.²³

Large numbers of the students who entered in 1970 had not graduated four years later. The open admissions policy was eventually abandoned for lack of funds.

Branch Facilities

To find new students, institutions began to recruit at a distance, across state lines and even overseas. Often, it was easier to bring the school to the student, or rather, the school's name and credit, since the costly amenities of the home campus--resident faculty, libraries, bookstores, laboratories, athletic facilities, manicured lawns, student lounges, counselling services--were usually absent. Typically, extension offerings concentrate on cheap, "soft" fields like administration and management, education, social science, and social work, where instruction requires only a teacher, chairs, perhaps a blackboard and a few books. Subjects like chemistry, biology, engineering, history,

archeology, art, or literature, requiring expensive equipment, major library resources, museums, intensive periods of residential study, research, laboratory work, knowledge of foreign languages, or the scrutiny of scholarly sources, are notably absent.

The largest system of extension offerings is that at military installations at home and overseas, where many veterans and servicemen, encouraged by VA benefits and Defense Department policies, enroll in college and graduate level courses offered by many institutions in convenient formats and locations. In 1978, an estimated 800,000 were enrolled part-time, seeking useful activity during idle hours, promotion, or preparation for subsequent employment. To qualify for VA benefits, courses offered by domestic institutions must be approved by state approval agencies; those offered by foreign institutions are approved directly by VA headquarters.

In a scorching indictment, Stephen Bailey states that many of these "academic enterprises" for off-duty military personnel

...have broken the tethers of quality control, have proliferated educational services and academic credentialing at the price of galloping shoddiness. I am not referring here to non-licensed, non-accredited diploma mills. I am referring to the programs and practices of a significant number of duly accredited American colleges and universities that are presently selling academic credentials at cut rates in an increasingly cut-throat marketplace.

It is a potpourri of exciting fulfillments and shoddy rip-offs, rigorous standards and credit give-aways; careful supervision and no supervision; dedicated academic counselling and dreadful (or no) academic counselling; adequate academic facilities, miserable academic facilities....²⁴

Any "rip-offs," however, are against taxpayers who subsidize this education, employers who reward a specious credential, and other institutions which set, and students who meet, higher standards for comparable

credentials. There is little evidence that the students in these programs feel cheated.

"Nontraditional" Education

At a traditional college, students are admitted at about the age of 18, after some selection procedure; take required courses and electives in general studies and a major field; receive grades of A to F based on their performance in class, periodic examinations, and special assignments; and, four years later, after acquiring a stated number of credits and the requisite grade-point average, receive a baccalaureate degree.

"Nontraditional" education breaks this pattern. On one definition, it is education "that does not take place under the auspices and supervision of some formally organized higher educational institution"; on another, education that "differs significantly from the other formal educational efforts taking place there"; on a third, "a set of learning experiences free of time and space limitations...."²⁵ Despite the absence of a satisfactory definition, a distinctive vocabulary, emphasizing new practices or old practices to which a new significance is attached, characterizes the "nontraditional" education movement that has emerged since the 1960s:

- o Independent study: self-paced research or study conducted alone or in a group, with the aid of a faculty member. Long available to selected students for selected purposes, it has become a basic method of instruction for all students in some courses at some institutions.
- o "Experiential learning": practical work experience on or off

campus, undertaken as part of a college program under the sponsorship, but not usually supervision, of a faculty member. It may include field-work, practicums, internships, apprenticeships, on-the-job training, cooperative education or work-study, foreign study or overseas programs.

- o Award of credit for prior learning: the evaluation and award of credit for knowledge and skills acquired by independent reading, work experience, or other noncollegiate instruction. Two such systems are the College-Level Examination Program (CLEP) of the College Entrance Examination Board and the College Proficiency Examination Program of the New York State Department of Education. The results of 33 CLEP subject matter examinations are accepted by 1,300 institutions. As of 1974, two million students had taken CLEP examinations and one million had received academic credit. Stephen Bailey, a former vice president of the American Council on Education, has criticized its recommendation that full credit be awarded to those who pass CLEP exams above the bottom quartile as "an unconscionably low cut-off point."²⁶

Another system is that of the American Council on Education's Office on Educational Credit, which reviews and recommends designated college credit for military and industrial training courses. A system for assessing prior learning has also been developed by the Council for the Advancement of Experiential Learning.

- o Educational technology: some nontraditional courses or programs are offered entirely or largely on television, radio or cassettes.

- o New assessment methods may include narrative assessments of portfolios or performance. In some courses, non-punitive grades are used--that is, no failing grade is given.
- o Flexible time: courses given on weekends, during summers, in the evening, or at the student's own pace. Students may enter or leave school without penalty, as their circumstances dictate. Time-shortened degree programs cater to one group of students; time-lengthened programs, to another.
- o Flexible location: courses given at convenient off-campus locations near students' homes or jobs.

Many of these practices arose in nineteenth century extension and cooperative education programs such as those of the University of Chicago, Northeastern University, Antioch College, and the YMCA; in the award of law and other professional degrees by examination; in educational offerings of mass media (an early example was Walter Damrosch's radio music education program in the 1920s); and the award of credit for military or Peace Corps service.

Interest in nontraditional practices mounted in the late 1960s. Forty-seven percent of institutions responding to a 1972 survey reported some nontraditional program--from off-campus majors and accelerated degree programs to experimental branches and machine-programmed instruction. Most programs had been in existence five years or less. Some 64 percent of the institutions gave credit for CLEP examinations; 35 percent, for cooperative work experience; 28 percent, for volunteer community work; and 16 percent, for study abroad. Nontraditional programs and other factors had fostered interdisciplinary approaches, the

enrollment of part-time and nonresidential students, and changes in the prescribed years of study and the number of credits required in residence for a degree.²⁷

External Degrees

External degree programs are formalized, non-classroom, non-residential sequences of study which embrace various nontraditional practices. They often have liberal policies on admissions, attendance, withdrawal, and the period within which a degree must be attained. Liberal credit may be granted for prior learning. Programs are often designed by the student, with faculty serving largely as advisors. Customary grades may be replaced by narrative assessments, judgments of task performance, or critiques of work samples. The quality of many external degree programs has been challenged because of their loose structure, limited student supervision, and debatable evaluation methods.

A recent study reported 54,000 students enrolled, in 1976, in external degree programs at 134 institutions. Ninety percent of the institutions were accredited or candidates for accreditation; most also offered traditional programs in classroom settings.²⁸

Has Educational Quality Declined?

From 1968-78, the average verbal score on the Scholastic Aptitude Test dropped from 466 to 429 and, on the mathematical SAT, from 492 to 468. Explanations range from increased television viewing and decreased reading to more permissive homes, the relaxed discipline and watered content of high-school education, and the broadened social composition of college applicants. SAT scores have declined less at selective institutions which admit only a small fraction of applicants than at those which reject few or none. The drop in SAT scores has been

accompanied by a grade inflation in high school. In 1969, 12.5 percent of college freshmen had an A average in high-school; in 1978, 23.2 percent. Comparable figures for C average were 32.5 and 17.6 percent, respectively.²⁹ Summarizing the responses of freshmen to an annual survey conducted since 1966, Alexander Astin states that "secondary schools' grading standards have been steadily declining since the late 1960s." Some 64 percent of the 188,000 freshmen responding to the survey in 1978 agreed that "grading in high school has become easier."³⁰

State and national tests of primary and secondary school student achievement show a steady decline from 1965 to 1974. However, over a longer term, the outlook appears more favorable to Leo Munday: "achievement gains in the 1940s, 1950s, and early 1960s, followed by decline until 1970 and possibly later." Summing up the evidence in late 1978, Munday believes that "the sharp decline in test scores that we saw in the late 1960s has been stopped.... Achievement of today's high school students is probably at the level of the early 1960s--a time of high achievement...."³¹

Kingsley Amis' maxim that, in education, "more is worse," has a foreign ring. Americans prefer the populist doctrine of "Quantity with Quality."³² A far higher proportion of Americans attend college, it is often said, than any other people. Less often is it noted that in the ability to write and spell correctly, knowledge of literature, mathematics, and a foreign language, the first two years of college may or may not bring the average American student to the level of the average European secondary school graduate.³³ It should not be surprising if the swift and large increase of enrollments led to a lowering of

educational standards at many institutions--and if, should it be necessary and possible, these standards are lowered further to sustain enrollments. A Science editorialist states:

For the past 15 years, as Scholastic Aptitude Test scores have steadily fallen, the number of high grades given in virtually every university in the country has steadily increased. The eclipse of excellence in education is widely recognized and universally criticized...by responsible journalists. This false certification in individual classrooms culminates in the graduation of uneducated students...Although our students are not receiving failing grades, we are.³⁴

In a 1974 report, two of us wrote that:

...many signs point to a deterioration in the probity and quality of the core educational function at many institutions....the signs are disturbing, because they arise from market conditions...which are likely to persist for years: high costs, income that has fallen below expectations, and a consequent increase in competition for enrollments. That competition has taken two forms: abuses in advertising, recruiting, and nonselective admissions...; and a watering of educational standards under the guise, or with the explicit intent, of furthering such noble goals as breaking the education "lockstep," promoting..."innovation," or offering educational opportunities to the poor, to housewives, working adults, professional men, military men, prisoners, and every conceivable variety of potential student.³⁵

Stephen Bailey observes that "every academic institution has had its weak instructors, gut courses, and shoddy programs." During the past decade, however, developments such as we have noted give grounds for concern about declining standards in "a large segment of American higher education." Bailey cites:

...grade inflation, instructional laziness, easy assessments of transfer credits, guilt-driven allowances for minority status, incoherent academic requirements, and a variety of other laxities.

....As frightened professors compete for course enrollments, and as frightened administrators compete for a dwindling market of traditional students, there will be almost inexorable tendencies to lower academic standards even further.³⁶

The American Assembly and Carnegie Council on Policy Studies in Higher Education have recently issued similar warnings. The former

noted "'a certain malaise' on campuses...; students' disappointment with inflated claims of what colleges actually offer"; and the "admission...of ill-prepared students...merely to fill empty spaces."³⁷ The Carnegie Council cited

...a significant and apparently increasing amount of cheating by students in academic assignments; a substantial misuse by students of public financial aid;...inflation of grades by faculty members; competitive awarding of academic credits...for insufficient and inadequate academic work; and inflated and misleading advertising....Most institutions of higher education, to a small or large degree, exhibit one or more of these destructive aspects.³⁸

Students are to a college what wood is to a mill: indispensable raw material. And, when hardwood gives out, softer and lower grade timber must do. Six years ago, a preponderance of administrators responding to a Berkeley Center Survey already agreed "that the leveling of enrollment and funding" had produced "a decline in student quality." That was true at public, and especially private, universities and colleges (but not at public junior colleges). "...as the level of enrollment drops," one private college administrator wrote, "it is inevitable that we are less selective in admitting students."³⁹

How inevitable is it? For many institutions, perhaps for most, the choice is between nonselective admissions, closing down, as did 120 private colleges (53 were Roman Catholic) between 1970 and 1978,⁴⁰ merger, or severe retrenchment (which usually amounts to closing down those classes, departments, and divisions whose revenue does not meet their cost). A different kind of selectivity can emerge at private institutions, which face pressure to admit more children of alumni (whose gifts are increasingly vital) and, of course, those who can pay their ever-higher tuition. They may become colleges for the richest, not the

best, students; with legislatures restricting the number of, and imposing high tuition on, out-of-state students, leading public institutions may become more parochial.

Despite this gloomy outlook, counter-trends and signs of higher standards are also visible. The vastly complex postsecondary education system is never monochromatic. Institutions enrolling many adult students may well improve their student quality. Prominent state and private universities, with a limited capacity and almost unlimited applicants--in the spring of 1979, 13,080 applicants applied for the 1600 places in the Harvard-Radcliffe Class of 1983--retain enviable selection opportunities. The rediscovery of the core curriculum at Harvard, Berkeley, and other colleges reflects their determination to maintain and improve their standards. The Universities of Maryland and Wisconsin (Milwaukee) have recently raised the grade-point average required for admission. Similar developments have occurred at other public campuses we visited. In part, they may be due to pressures for economy, since higher admissions standards can reduce enrollments; in part, to factors we do not fully understand. A community college spokesman in Sacramento saw "a hardening trend on grading patterns and admissions standards. We are on a conservative swing. More students are taking standard courses rather than exotic courses, and they are demanding more rigorous grades....There is talk of turning a whole high-school over to the basics, with behavior standards, and a dress code...." Insofar as oversupply has weakened the position of faculty, they may be obliged to devote more time to undergraduates. The alarms which have been sounded, the pressure on the regionals and state education and

approval agencies to tighten standards must have some effect. For that, at any rate, we must hope and pray and work.

In Sum

The enrollment boom of the 1960s and early 1970s, which led to marked expansion, heavy capitalization, and the hiring of many faculty, has ended.

The declining size of the traditional college-age cohort has induced institutions to cater to new kinds of students, including older, part-time, and employed persons, and many with inadequate qualifications. In doing so, many institutions have relaxed their traditional standards of recruitment, admissions, the award of credit, grades and degrees, and the locations, methods, and formats of instruction.

The net effect of these changes in the nature of the student body, in educational arrangements and standards, and the rise of aggressive marketing and submissive grading and retention practices, has been to change the image of many institutions.⁴¹ Some seem to have become less stuffy, more responsive, practical, adaptable, and lively; others (sometimes, the same institutions), more mercenary and lacking any fixed standard but survival.

There are many signs of declining educational standards and a few signs of resistance to this trend.

Footnotes

1. In April 1978, some 374,000 or 52 percent of veterans at degree-granting institutions and 44 percent of those at all postsecondary schools were attending junior colleges.

2. From 1880 through 1920, about 50 percent of white male high-school graduates ultimately went to college; the proportion fell to 40 percent during the depression of the 1930s and climbed back thereafter to the 50 percent range in the 1960s. The really significant change has been in the proportion (and, of course, number) of white males graduating from high school, which rose from about 10 percent in 1875 to some 75 percent in the 1960s and '70s. The percent of white females and especially of non-whites graduating from high school and going on to college has been lower, but has progressively moved toward that of white males (see Joseph Froomkin, Aspirations, Enrollments, and Resources, U.S. Office of Education, 1970, pp. 14-16).

3. See Mary A. Golladay and Jay Noell, eds., The Condition of Education, 1978 Edition, National Center for Education Statistics, p. 116.

4. See Cathy Henderson and Janet Plummer, Adapting to Changes in the Characteristics of College-Age Youth, American Council on Education, December 1978, p. 19.

5. Joseph Froomkin, Recent Developments in Post-Secondary Education, 1970-1975, Washington, D.C., January 1976, cited in Chester Finn, Scholars, Dollars, and Bureaucrats, Brookings Institution, Washington, D.C., 1978, p. 30.

6. Population Characteristics, Bureau of the Census, U.S. Department of Commerce, Series P-20, No. 319, February 1978, Table A-2, p. 65.

7. George B. Weathersby and Frederic Jacobs, "A Perspective on Nontraditional Postsecondary Education," Harvard Graduate School of Education Association Bulletin, Fall-Winter 1976-77, p. 4.

8. Clifton Conrad and Joseph Cosand, The Implications of Federal Education Policy, American Association for Higher Education, Washington, D.C., 1976, p. 31.

9. "Most Jobs Won't Require College, Labor Unit Says," Chronicle of Higher Education, March 27, 1978, p. 2.

10. Larry L. Leslie and Howard F. Miller, Higher Education and the Steady State, American Association for Higher Education, Washington, D.C., 1976, p. 26.

11. Problems and Outlook of Small Private Liberal Arts Colleges, Report to the Congress by the Comptroller General of the United States, August 25, 1978, p. 85.

12. "Modest Growth Projected for Cooperative Ventures," Chronicle of Higher Education, November 27, 1978, p. 13.

13. See Florence B. Kemp, Noncredit Activities in Institutions of Higher Education for the Year Ending June 30, 1976, National Center for Education Statistics, Washington, D.C., 1978.

14. K. Patricia Cross, "Changing Students and the Impact on Colleges," paper prepared for the Educational Staff Seminar, Washington, D.C., January 11, 1979.

15. Joanne Omang and Alice Bonner, "Colleges Struggle with the Baby Bust," Washington Post, April 23, 1979, p. A4.

16. "Marketing Higher Education," New Directions for Higher Education, Spring 1978, back cover.

17. Eric Ashby, Any Person, Any Study, McGraw-Hill, New York, 1971, p. 18.

18. Harold Orlans, N. Jean Levin, Elizabeth Bauer, and George E. Arnstein, Private Accreditation and Public Eligibility, Brookings Institution and the National Academy of Public Administration Foundation, Washington, D.C., 1974, p. 329.

19. K. Patricia Cross, Beyond The Open Door, New Students to Higher Education, Jossey-Bass, San Francisco, 1971.

20. Dale Tillery, School to College, College Entrance Examination Board, New York, 1971, p. 4, cited in Lyman Glenny and George Weathersby, eds., Statewide Planning for Postsecondary Education, Western Interstate Commission for Higher Education, Boulder, 1971, pp. 5-6.

21. Computed from data in The Condition of Education, 1978 Edition, National Center for Education Statistics, Washington, D.C., p. 118.

22. Barron's Profile of American Colleges, 11th edition, Woodbury, New York, 1978.

23. Theodore L. Gross, "How to Kill a College," Saturday Review, February 4, 1978, pp. 13-20.

24. Stephen K. Bailey, Academic Quality Control: The Case of College Programs on Military Bases, American Association for Higher Education, Washington, D.C. 1979, pp. vii, 2.

25. Rodney T. Hartnett, "Non-Traditional Study: An Overview," in Samuel B. Gould and K. Patricia Cross, eds., Explorations in Non-Traditional Study, Jossey-Bass, San Francisco, 1972, p. 14.

26. Bailey, op. cit., p. 19. Each college sets its own cut-off point.

27. Commission on Nontraditional Study, Diversity by Design, Jossey-Bass, San Francisco, 1973, p. 29.

28. Carol Sosdian and Laure Sharpe, Guide to Undergraduate External Degree Programs in the United States, Department of Health, Education and Welfare, 1977.

29. "Grade Inflation in High Schools Said Continuing," Higher Education and National Affairs, January 19, 1979, p. 7.

30. John Walsh, "Does High School Grade Inflation Mask a More Alarming Trend?" Science, March 9, 1979, p. 982.

31. Leo S. Munday, "Changing Test Scores, Especially Since 1970," Phi Delta Kappan, March 1979, pp. 496-9.

32. Subtitle of Toward Balanced Growth: Quantity with Quality, Report of the National Goals Research Staff, The White House, July 4, 1970.

33. However, European secondary school graduates are a selective group, since many of their entering classmates do not graduate.

Admiral Rickover has observed that the school day and year are longer in Europe so that it takes an American student 12 years to receive the same hours of class a French student receives in eight, and an English student in 10 years (see Education for All Children, Hearings before the Committee on Appropriations, House of Representatives, 87th Congress, 1962, p. 41).

34. John D. Palmer, "Can Meritocracy in Academe Be Saved?" Science, March 23, 1979.

35. Orlans et al., pp. 327-8.

36. Bailey, op. cit., pp. v-vi.

37. Fred M. Hechinger, "Conference Dissects Academic Integrity," New York Times, April 3, 1979, p. C 1, 5.

38. "Ethical Conduct Needs Improving, Carnegie Unit Says," Higher Education and National Affairs, April 20, 1979, p. 1.

39. Carnegie Foundation for the Advancement of Teaching, More Than Survival, Jossey-Bass, San Francisco, 1975, p. 17.

40. "Private-College Openings, Closings, and Mergers, 1970-78," Chronicle of Higher Education, December 18, 1978, p. 7.

41. A 1975-76 survey found that Southern college presidents and school superintendents viewed many institutions awarding external doctoral degrees as "degree mills". Although regional accreditation and individual institutional characteristics fostered a more favorable opinion, a "considerable number" of administrators remained undecided about accepting external degrees from accredited institutions (Michael Mayall, "Attitudes of Chief Administrators Toward External Doctoral Degrees," Phi Delta Kappan, April 1979, p. 610).

14. THE VIEW FROM THE SCHOOLS

This chapter will focus on higher educational institutions, where a majority of Vietnam veterans have enrolled. Sheer numbers and dollars have directed Congressional attention--and ire--to this sector. Nonetheless, both VA and approval agencies have devoted less time and funds to higher educational than to vocational programs. The calculations upon which 1979 approval agency budgets were based allocated \$3.2 million or \$2.80 per enrolled veteran for approvals at and visits to higher educational institutions; \$5.1 million (including \$900,000 for flight schools) or \$23 per enrolled veteran for vocational schools and programs; and \$5 million or \$54 per enrolled veteran for on-the-job and apprenticeship training.

Having experienced similar problems for thirty-five years, vocational educators have watched higher education's recent encounters with the VA with bemusement, much as the South has watched the North grapple with school integration and open housing.

Officials at colleges and vocational schools whom we interviewed or who wrote to us had few problems or complaints with the approval process, narrowly defined. It took little time to apply for approval and they almost always received it, perhaps after some delay. Their complaints involved benefit rates for certain courses, restrictions on the courses veterans could take, rules on veteran attendance, records, certification, and reporting, and, more broadly, the regulations governing both benefit payments and course approvals. Benefits are supposed to be the responsibility of the VA and approvals, of the state agencies, but, in fact, both responsibilities are

inextricably intertwined and school officials discuss both together. This is understandable, since courses are not approved for the love of it, but so that veterans can receive benefits and when veterans stop enrolling, schools stop applying for approval. Approval criteria include the maintenance of records for benefit purposes; regional office staff audit institutional compliance with both "benefit" and "approval" criteria; and state staff are responsible for seeing that institutions comply with criteria serving "benefit" as well as "approval" purposes.

Vietnam-Era Veterans and Their Schooling

Some nine million veterans, now civilians, served in the armed forces during the "Vietnam era" from June 1966 to September 1978.¹ Roughly one-third actually served in Southeast Asia (nearly half of the Korean conflict-era veterans served in that war theater).² VA records do not distinguish combat and non-combat personnel or volunteers and draftees.³

The average Vietnam-era veteran was 32 in September 1978. Some 9.3 percent were black, 5 percent had Spanish surnames, and 2 percent were women. Despite the widespread opinion that many more Vietnam-era veterans are minority group members, the proportion of blacks and Hispanics among veterans of the Korean period was almost identical and it was only slightly smaller among World War II veterans (allowing for a significantly smaller Hispanic population at that time).

Another common misconception concerns the educational level of Vietnam-era veterans. It is often said that they had less education than their predecessors, while the opposite is true: 80 percent had completed high school upon leaving the military, compared to 62 percent of Korean-era and 45 percent of World War II veterans.⁴ The proportion

with some college education was almost constant in all three periods, although the proportion with four or more years of college declined slightly from 10 percent in World War II to less than 8 percent in the Korean and Vietnam periods. (That may reflect the long-standing requirement that officers have a college degree.) Despite the differences in educational level noted above, the median level of education rose only from 11.5 to 12.3 years between World War II and Korea, and 12.5 years for the Vietnam era.⁵ Some may say that education is not what it used to be; but the Vietnam-era veteran had more years of schooling than earlier veterans on leaving the service.⁶ That is to be expected, considering the increased years of education of the population during the last forty years.

While veteran unemployment declined from 6.7 percent in 1977 to 4.7 percent in 1978, unemployment and underemployment among certain groups of Vietnam veterans has been troubling. The unemployment rate of nonwhite veterans has been more than double that of whites, and of 20-24 year olds, nearly four times that of 30-34 year olds.⁷ Though in 1978, unemployment for all Vietnam-era veterans was slightly less than that for non-veterans, only two-thirds were working full-time around the year. However, that may reflect the number in education and training. Like other handicapped persons, veterans with physical or psychological disabilities have high unemployment rates, perhaps as high as 30 to 50 percent.⁸ (Because of the heavy use of land mines and booby-traps, Vietnam veterans suffered relatively more serious leg injuries than did veterans of earlier wars. Their survival rate was dramatically increased by improved field treatment and rapid evacuation.)

3 Either Vietnam veterans suffer more problems of psychological and

social adjustment than earlier veterans or there are now more psychologists and psychiatrists who make more of their problems. Certainly they, like nonveterans, have more drug problems; but they have fewer alcoholics or problem drinkers. Vietnam veterans, "especially those with heavier combat experience," one recent study suggests, show more signs of stress and appear "more troubled, upset about themselves, their society and their position in it and less involved in social, organizational and political life than other men their age."⁹

For a number of years, it was said that Vietnam veterans were not using educational benefits as much as earlier veterans, a specious comparison of initial and final usage. By the end of 1978, 65 percent had used these benefits compared to 51 percent of World War II and 43 percent of Korean-era veterans.¹⁰ In fiscal year 1977, 73 percent of those in training were in college-level study compared to 29 percent of World War II and 51 percent of Korean veterans, college attendance having increased markedly in the general population--partly as a result of the GI Bills (Table 21). Black veterans, who were younger on average,

Table 21

Percent of Veterans Receiving Each Type of Education,
Three GI Bills

War	Type of Educational Program				Total
	College	Other schools	Job training	Farm	
World War II	28.6	44.6	17.9	8.9	100
Korean War	50.7	36.0	9.3	4.0	100
Vietnam War*	62.5	27.8	9.0	0.6	100

Source: VA Information Bulletin, April 1978, p. 14.

*Through April 1978.

poorer, and had less schooling, have apparently made more use of educational benefits than white veterans.¹¹ Vietnam veterans have tended to be older, to be far more often married, and to come from poorer families than other students. The parents of those enrolled in college were far less likely to have gone beyond grammar school than those of other students. The average veteran in college has had lower high-school grades and class rank than the nonveteran.¹²

Since benefits now depend solely on full- or part-time enrollment status and the number of dependents, they provide a higher net income for veterans at low-tuition institutions. Hence, relatively more veterans than nonveterans have attended public institutions (78 percent of veteran as compared to 73 percent of all full-time students). In the 1977-78 school year, 49 percent of veterans (compared to 38 percent of all students) were enrolled in schools with annual tuition under \$500.¹³

In fiscal year 1978, the total benefits paid to the 1,521,840 Chapter 34 veterans was \$3.03 billion. Of this amount, over \$2.35 billion went to the one million veterans in college.¹⁴ The Congressional Budget Office has estimated all veteran tuition payments to all postsecondary institutions at \$536 million; 51 percent or \$274 million went to private colleges and proprietary schools. Benefits undoubtedly enabled many veterans to go to higher cost institutions than they would otherwise have attended.¹⁵

Of 854,000 veterans (excluding servicemen) in training in April 1978, 82 percent were at degree-granting institutions; 12 percent at vocational schools; and 6 percent at on-the-job and apprenticeship

training establishments. Of the 697,000 enrolled in degree-granting institutions, 58 percent were at two-year colleges--9 out of 10, at public colleges.¹⁶ In fiscal 1978, California, Texas, New York, Illinois, and Florida, in that order, had the most veterans enrolled in degree-granting institutions--117,300 in California and 56,951 in Texas.¹⁷ The total number of veterans in community colleges declined from 728,000 in 1976 to 450,000 in 1977 and 353,000 in 1978.

The preceding profile of Vietnam veterans helps to explain their concentration in community colleges with convenient hours and locations, low tuition, and educational formats and policies geared to the needs of working adults, including programs that give credit for life experience and examination in lieu of instruction.¹⁸

The Effect of the GI Bill on Schools

In 1978, 10,189 schools--4,614 degree-granting (including hospital schools) and 5,575 non-degree granting--enrolled one or more veterans. The financial value of veteran students to postsecondary schools obviously exceeds their estimated \$536 million in tuition payments (\$262 million to public and \$274 million to private schools). For example, of the 353,219 veterans enrolled in junior colleges in fiscal 1978, the 48 percent attending full-time alone netted public colleges an estimated \$307 million in state and local appropriations (which averaged \$1,813 per full-time student in 1977-78).¹⁹

Hence, especially in a period of declining enrollment, schools have strong economic motives for serving veterans. However, while it

is relatively easy to receive course approval, one day the bill comes due. Continued approval is contingent upon compliance with frequently changing regulations that can affect school policies and monitoring of enrollment, attendance, grading, and progress, the way they schedule classes, their catalog content, and advertisements. As state and regional office staff inspect more records, request more data, and impose new policies, institutional spokesmen complain that the rules have changed during the game.

Reporting and Record Keeping

According to VA regulation 14203, institutions must promptly report the entrance, re-entrance, change in hours of credit or attendance, interruption, and termination of attendance of each veteran. In addition, they must verify the enrollment and delivery of the benefit check for each veteran receiving advance pay.

Certification requirements are detailed for pages. The date at which each veteran's courses start and end must be specified. Any change in the number of credit or clock hours, attendance, or instruction, any other modification in a certified course, and all interruptions or terminations must be promptly reported to the VA.

According to regulation 14209, the institution must at all times have available for VA inspection all pertinent records and accounts including, but not limited to:

- the tuition and fees charged and received;
- the record of previous education or training at the time of admission, and advance credit granted;

- grades and progress (for veterans in programs below college-level and on-the-job training, such records must include leave, absences, class cuts, make-up work, and tardiness). Unaccredited courses must provide, in addition, records of interruptions for unsatisfactory conduct and attendance, and of tuition refunds.

Records must be cumulative and show each subject taken and the final result (pass, fail, incomplete, withdrawal) for each enrollment period. All records must be kept "in good condition" for at least three years after termination of enrollment.

In addition, institutions must devote time to many requirements which are not reimbursable, including:

- o Keeping catalogs current and complete.
- o Ensuring that no more than 85 percent of the students enrolled in each program are veterans, or receiving VA and Office of Education funds.
- o Conducting employment surveys of students in occupational programs. (One flight school estimated that this survey cost \$20,000.)
- o Assisting VA staff in their compliance surveys.
- o Correcting deficiencies identified in compliance surveys.
- o Dealing with faculty members disgruntled about monitoring and reporting student attendance or withdrawal.

An example of the reporting demand is the requirement of one state agency for a detailed itemization of courses entailing independent study, workshops or other courses of less than a semester's duration, practical training courses, non-credit, variable credit, and cooperative courses. "Truth in advertising" requirements have sometimes added heavy burdens. One large university was told to maintain a complete record of print, media, and audio-visual materials for its 30 component colleges, 166 graduate programs, 5 campuses, and numerous residency and internship programs. "One would hope that all schools were so told," a VA official writes, "since it is required by 38 U.S.C. 1796."

Institutional Costs

The costs of meeting VA reporting and record keeping requirements are much larger than the reporting fees paid by the VA.²⁰ To be sure, some of that cost is recouped by tuition (paid by veterans and nonveterans alike).

A 1977 analysis conducted by the National Association of Veteran Program Administrators (NAVPA) indicated that schools spent an average of \$46 per veteran on VA record and reporting requirements. In 1979, Central Piedmont Community College, North Carolina, estimated its costs at \$151 per veteran. NAVPA Chairman Marvin Peterson has estimated the average 1979 cost as about \$80 per veteran.

Reporting is just one element of an institution's cost of complying with the demands of federal and state agencies. In 1975-76, Montgomery College, Maryland, estimated that it required eight full-time employees simply to complete report forms for external agencies. According to American Council of Education staff, 1 to 4 percent of higher education budgets can be assigned to the cost of complying with federal regulations.

Proprietary school owners voice similar complaints. The owner may serve as financial aid officer, accountant, janitor, enrollment counselor, and instructor. One owner with thirty years' experience said that keeping a financial aid officer was his biggest problem.

I have to file the same reports whether I have 150 or 1,000 students. Who can afford it? We think we are doing a good job and we want to comply with the VA regulations, but we never see the regulations and don't know until the inspector comes and tells us that we are counting three minutes for lunch and will therefore be charged back fees for \$130,000 since 1962.

Many proprietary schools have dropped out of the program because of its excessive paperwork and the costly graduate employment survey. For the same reasons, approvals are not requested for many vocational courses taught at higher educational institutions. The net effect is to reduce veterans' educational opportunities and/or to involve the schools in various ruses to escape the most burdensome reporting requirements.

Pursuit and Purpose

Many veterans and higher educational officials, on the one hand, and Congress and the VA, on the other, disagree about the basic purpose of the GI Bill and how it should be interpreted and implemented. Many regard the GI Bill as an economic tool; an unemployment and income security program replacing the old bonus system. Complaints of "abuse" may be countered with arguments that this "goal" is being served. A spokesman for a major education association pointed to this use of the bill in the late '60s. "Some of the vets, to hold their heads up, were not going on welfare lines or going on food stamp lines and when their unemployment benefits ran out to put food on the table, were trying to help themselves through...veteran's benefits." Many, remembering the enormous impact of the first GI Bill on the growth of postsecondary education, confuse the bill with other forms of federal student aid. They suggest that one of its purposes is to help to sustain institutions as well as veterans,

and to preserve the diversity of higher education. Veterans may regard "their" benefits as an unfettered right, as payment for service to the nation. Were these perceptions correct, a strong case could be made for removing all restrictions on the school or program selected by the veteran.

The Vietnam era bill states that the program's purposes are to enhance and improve the attractiveness of military service; provide access to higher education to persons who might otherwise be unable to afford it; provide vocational readjustment and restore lost educational opportunities to those whose careers were interrupted or impeded by active service; and to aid such persons in attaining the vocational and educational status they might normally have attained had they not served in the armed forces. Many argue that it is the veteran, not the federal or state government, who can best determine what courses will meet his readjustment needs.

However, the general statement of statutory purposes tells only half the story, since the statute and regulations specify that these purposes are to be achieved by the pursuit (defined by the dictionary as "the act of striving") of a predetermined occupational, professional or educational objective. Life is real and life is earnest under this provision. An experienced Congressional staff member explained the House's attitude on "pursuit" and its rejection of the philosophy that any education is good for you:

The GI Bill is a straight rehabilitation benefit. It is to help the vet learn so he can earn a living....Education keeps trying to distort the purpose of the act and change it to education for education's sake. "Take any course, do not do anything you don't want to, just enroll and hang around. You might pick up something useful."

Senate staff evinced a similar disdain for the attitude that educators know what is worthwhile education and should be trusted to define pursuit and full-time status: that Congress should in effect give them a blank check for the amount of a veteran's entitlement. "The problem with this is that many people on the Hill have a notion of what they think should be paid for. The presumption has long been that education was the best means to reintegrate a vet into society. The Congress strongly feels this means they are not paying a vet to use up his benefits as an income supplement...."

The VA strongly agrees with the Congressional view of purposeful pursuit. As one official said, "...our responsibility is to see that benefits are paid in proportion to the effort expended" (our emphasis). The legislative history of the GI bills includes many statutory changes intended to stress the pursuit of an "objective" and to eliminate the vague absorption of "education."

As defined by the Congress, then, the GI Bill is (unlike the student aid programs of the Office of Education and the Social Security Administration) a conditional benefit. The veteran must: be found eligible due to service and, in some cases, aptitude for training; enroll in an approved course; and make satisfactory progress toward a stated objective.

The long attempt to define and administer the intertwined concepts of pursuit and progress has led to repeated clashes with educational institutions. While Congress did not originally distinguish between part- and full-time pursuit, almost immediately after passage of the 1944 GI Bill VA began to equate pursuit with time, establishing over the years incredibly detailed rules for measuring pursuit by hours expended, and tying benefits to those hours. Full-time benefits for clock-hour courses require x hours of weekly supervised study, with no more than y hours of rest time; more than 30 days' absence in a 12 month 5 day-per-week course leads to a reduction of benefits. A full-time benefit in apprenticeship training requires 120 hours monthly on the job.²¹ For college courses, the current bill defined full-time pursuit as at least 12 semester hours. In all cases, calculations of full-time and part-time pursuit began with a classic work week of 36-40 hours. Thus, full-time college pursuit, based on "traditional" definitions of class hours, requires 12 class sessions per week with an anticipated additional 24 hours of class preparation for a tidy total of 36 hours weekly.

It was clearly the assumption of Congress that the time devoted to full-time training or education, for which a full-time benefit was paid, should be equivalent to that in full-time employment. The choice of "work or study" is not necessary with weekend, evening, and independent study courses taken by veterans employed full-time.

Initially, VA provided no regulatory definition of full-time study at collegiate institutions for the 1966 Vietnam-era GI Bill. It assumed that "practically all accredited colleges and universities assigned credit

on the basis of the number of class sessions per week"²² and that such semester hours were defined in the "traditional" manner: one semester hour of credit requiring one classroom or two laboratory hours per week each week in the semester. In October 1976, responding to Congressional concern about deviations from this norm (some schools promised 12 credits based on "as little as eight or nine class sessions per week"),²³ VA issued regulation 14272 (D) providing that 12 standard class sessions were required for full-time benefits.

In their zeal to quantify pursuit by measurable presence, Congress and the VA have periodically limited payments for nontraditional or modular courses. Since December 1974, less than half-time benefits have been awarded for undergraduate courses requiring no or minimal class attendance, regardless of the time a veteran may devote to outside preparation. Graduate students are under no such limitations. Historically, they have been viewed as older and more capable of planning and using time. Courses by television or newspaper have been the subject of tortuous requirements including required phone contact with an actual professorial body on a scheduled basis. Nontraditional formats and time frames continue to agitate Congress and the VA.

Section 1780(a), Title 38, provides that benefits may be paid only when a veteran is in active pursuit of a course. Detailed provisions have long covered the computation of benefits during short vacation periods and semester breaks. In contrast, Social Security education benefit recipients who state they will return to school in the fall are paid for the summer vacation. As VA has interpreted Sec. 1780, a veteran may be paid benefits

only for the actual length of a course. Thus, a veteran taking an intensive two-week course is paid only for the two-week period, even if he receives a full semester's worth of credit.

Unlike his fellow college students who change majors an average of four times, veterans must be more single-minded. While permitted one change of objective, that change must be suited to the veteran's aptitudes and abilities, and not due to "misconduct or neglect or lack of application," in the judgment of the VA.²⁴ An additional change is permitted only if approved by a VA counselor. All of the veteran's program must fit the overall objective. A 1975 memorandum from the Florida Department of Education to institutions offering approved courses for veterans clearly explains the seriousness of defined pursuit and the responsibility placed on institutions:

An educational program selected by a veteran must be complete in that it must include all training needed to reach the stated objective. It must be generally accepted as being required for the attainment of the selected objective. It may not include courses vaguely related to the attainment of the selected objective, nor courses or subjects desired for self-improvement. A veteran must take only the required courses and approved elective courses that will fulfill the requirement for the degree he seeks. It is the responsibility of the school to limit veterans....to the curricula for which they were enrolled.

Congress has recognized since the initial GI Bill that time alone does not guarantee seriousness of pursuit: standards of progress were also necessary. As implied by dates determining the use of benefits, Congress assumed that "readjustment" would be complete within a finite period. This idea of "pursuit" assumes that a veteran should reach his goal in a reasonable period, and that educational institutions had standards to determine when it was attained. As a state official

put it, "If an institution has no objective standards, we're all in the soup."

From the beginning, the GI Bill required the suspension of benefits if a veteran were not progressing according to the "standards of the institution." Until 1975, higher educational institutions did not have to define such standards (as did proprietary schools). In that year, VA Regulation 14253 gave state approval agencies authority to establish standards of progress. The agencies were asked to find that the institutions had enforced a policy specific enough to enable VA to determine when benefits should be stopped for lack of progress. Before this regulation could be fully enforced, Congress enacted P.L. 94-502 in October 1976 which held that progress would be unsatisfactory if a veteran did not progress at a rate permitting him to graduate within the "approved length of the course based on the training time as certified to the VA."²⁵ The statute ignored the fact that 50 percent of undergraduates do not finish a degree in the "traditional" four year period.²⁶ Degree-granting institutions complained loudly that they were required to set separate completion standards for veterans. Standards were presumed to include definable grading policies. Non-punitive grades were disallowed because they did not fulfill graduation requirements. Institutions strongly and heatedly protested both the substance and principles of what they regarded as VA intrusion in their internal academic affairs.

The VA as Regulator

Many school officials who must comply with VA regulations if their veteran students are to receive benefits think the VA treats everyone as an offender, every mistake as an offense, and every offense as a first degree crime. Especially since 1976, the VA has often opted for the issuance of circulars in lieu, or in advance, of slower rule-making. This has antagonized schools and eroded confidence in its fairness and good sense; the enforcement of VA policy has been hampered by litigation and moratoriums emerging from the Hill in response to complaints. Indeed, formal rule-making is slow, but it provides a forum for discussion, however ritualistic, and the elements of due process.

The several levels of formal VA policy making are:

Statute: Title 38, U.S. Code, the body of laws enacted by the Congress.

Regulations: Title 38, Code of Federal Regulations. Published in the Federal Register, pursuant to statutory authority, regulations have the force of law.

Circulars: Instructional or explanatory statements which may or may not be published in the Federal Register. When a circular establishes new policy and is the precursor of a regulation, it is normally published in the Register. Circulars do not have the force of law, but are binding on VA employees and, in the VA's view (not shared by all state officials), should be morally binding on state approval agencies. One official said, "we also expect institutions and establishments affected to comply." Circulars are supposed to be sent to schools and state approval agencies only if they are affected by them, but once the spigot is turned on all circulars may flow through it.

VA Education Procedures Manual: An internal instructional document binding on VA employees. Regional offices are evaluated on the basis of their compliance with its provisions, though the manual is not binding on state approval agencies, schedule 1 (on institutions) and 2 (on training establishments) of the VA-state agency contract incorporate the essential procedural elements of the manual.

The Contract: Legally binding on VA and the state approval agencies, the contract is the basis of VA's reimbursement of agency costs in exchange for enumerated services. It is negotiated annually by VA headquarters and a committee of the National Association of State Approving Agencies. (See the discussion of the contract in Chapter 6.)

Advisory Opinion: An official VA interpretation issued usually at the request of a regional office or state approval agency to clarify a regulation or circular or to resolve a dispute. Binding on VA employees, advisories do not have the force of law. Though dealing with distinctive situations, advisories are often (rightly or wrongly) applied by other regional offices, state agencies, and schools to comparable situations. Courts have held that, given a comparable situation, an advisory can set a legal precedent.

Advisories are often the subject of controversy because their precise scope and force is unclear. The Central Office sends an advisory only to the regional office requesting it, but it may be reproduced by regional, state, or school officials and circulated widely. Many state and regional staff believe that VA should distribute advisories nationally. However, headquarters staff say that most advisories involve unique cases rather than general policies.

Before P.L. 94-504 (1976), VA sent all regional offices an Information Bulletin on important advisory opinions. These bulletins

were, for all practical purposes, dropped under the staggering workload created by the 1976 and 1977 laws. This workload also explains the issuance of so many circulars. VA staff estimate that it takes at least nine months to publish a final regulation, but only two weeks to issue a circular. Laws are supposed to be enforced the day they take effect, and the new laws made sweeping changes in the administration of approvals and benefits. Regional, state, and school officials needed immediate guidance: hence, the flood of circulars. Thus, the Congress must bear its share of the blame (and VA staff, insofar as they helped to draft the legislation) for failing to anticipate the resultant horrendous administrative problems.

The impact of unpopular circulars on schools was aggravated by the divided authority and inconsistent interpretations of state approval agencies and the VA regional offices. Following are some of the complaints which have ensued:

VA's complaints about colleges concern their failure: 1. to maintain and transmit accurate and timely information on veterans' attendance and progress that permits the accurate calculation and modification of monthly benefits, 2. to provide honest information, maintain honest recruiting and business practices, and give fair refunds, 3. to reject unqualified applicants, offer serious and useful instruction, require serious effort, and give meaningful grades.

Colleges complain that VA rules 1. are burdensome, incomprehensible, or unreasonable, 2. interfere with their autonomy, 3. require them to establish separate policies for veterans and treat them differently from other students, and 4. conversely, deny veterans the freedom which other students enjoy.

Many colleges have no problems with the VA. Those for which veteran students are financially vital (such as branches operating on military

bases) usually know VA regulations well and observe them meticulously. Indeed, they may design courses around them, offering veterans maximum benefits for the minimal weekly class hours; if the minimum changes, so do the classes. Institutions with large administrative staffs and computerized records have little difficulty, albeit significant expense, in meeting most reporting requests. Institutions with traditional grading practices and classroom formats have escaped the problems besetting those with nontraditional formats, and relaxed entrance, attendance, and grading policies. Institutions with both kinds of courses can avoid trouble by counselling veterans to take only those courses which meet in a standard classroom setting. Powerful schools with far more applicants than can be admitted may simply ignore a troublesome rule and force VA to back down. Institutions have gained relief by political pressure, statutory changes, and resort to the courts.

The statute and regulations and the combined efforts of regional and state staffs have served to disqualify and retain both poor and good courses and schools. Some schools presenting no problems to the VA offer at best dubious education; some which present many problems offer excellent and serious education.

We visited schools with many problems and with few; small and large, new and established, nontraditional and conventional schools; proprietary, nonprofit, and public institutions; and extension sites. Our findings support many of the observation of the 1978 VA study on standards of progress and "seat-time":²²

- o Regional office and state practices vary markedly.
- o VA regulations and circulars have changed too frequently for schools to form consistent policies. Some have been difficult or impossible to understand and administer.

- o Consultation with school, state, and regional representatives prior to the formulation of VA policy has been inadequate.
- o The effect, albeit not the intent, of VA regulations has been to undermine institutional autonomy, to require changes in school practices, and, in many cases, to require separate policies for veterans and other students.
- o The VA paperwork and recordkeeping burden on schools is heavy and expensive.

By statute, judgments of course quality were to be left to the state approval agencies, while VA was responsible for benefit determinations. But the distinction between the approval and benefit systems has been increasingly confounded. Criteria for the approval of courses and schools now include many school record and reporting practices needed for the determination of benefits; approval agency staff are used to monitor school compliance with these criteria; and the approval notice itself should, in the VA's view, separately identify individual classes and facilities and provide much additional detail useful only, or chiefly, for benefit purposes. The growing amalgamation of the approval and benefit functions has come about because: 1. many schools with feeble record systems and relaxed attendance practices have been approved; i.e., the approval system has not served to confine the GI program to efficient and effective schools whose managerial and educational standards can be relied upon for benefit determinations; 2. Congress and the VA have refused to accept college determinations of veterans' full- and part-time status (as the Office of Education and the Social Security Administration have done and have insisted on establishing independent rules for this, based upon weekly scheduled class hours; and 3. the approval agencies have been

utilized to obtain as much as possible of the enormous body of detailed information necessary to make these independent determinations.

So long as VA makes its own determination of what class load, grades, and attendance entitle a veteran to full-, three-quarter, or half-time benefits, it will clash with school administrators who believe that these judgments represent an intrusion on their educational philosophy, autonomy, and integrity.

Some Contentious Approvals

As noted, school officials have little criticism of the approval process but much criticism of VA regulations, educational philosophy, and benefit determinations which rest on an infrastructure of school policies and information detailed in and required by approval criteria. Since the philosophy of many educators and VA officials differ (to use no stronger word), it may be said that, as a condition of approval, schools are required to provide VA with reliable data to use against their own interests and convictions: they are required to testify against themselves. This unnatural and unhappy requirement is the source of much torment for conscientious and law-abiding educators.

The complaints about approvals per se (rather than approval criteria) concentrate on several issues which have been the focus of controversy between VA and the higher education community: the separate identification and approval of vocational courses or objectives, continuing education, independent study, external degrees, and other forms of nontraditional education. These issues are illustrated in the following cases.

Vocational or Educational Objectives?

In April 1978, K University officials requested a meeting to explain to approval agency staff the nature and purpose of the certification programs offered by their Division of Continuing Education. At issue was

whether the programs' objectives were "educational" or "vocational," a major question since the latter would require completion of the burdensome graduate employment survey. The university contended that all of its classes and curricula were "educational."²⁷

After making inquiries at several state approval agencies and reviewing VA provisions and regulations, the agency approved most KU graduate certificate programs as educational or professional. To the agency director, the programs highlighted a national problem. In a memorandum to the VA, he noted that, according to the VA procedures manual, an educational objective may lead to a high-school diploma, a standard college degree, or a post-doctoral certificate; according to VA regulations, professional or vocational objectives lead to an occupation that would normally be obtained upon completion of a program. He suggested that the law and regulations on these distinctions were vague.

The regulations...do not appear to limit approval of certificate courses in accredited institutions. The manual reference...uses the terminology "may" in discussing certificates and appears to be using the phrase, "leading to a high school diploma, a standard college degree, or a post-doctoral certificate," as an example, not as specific limitations.²⁸

In his inquiries, the director discovered that one large southwestern state said such programs could not be approved at all; a western state approved them as professional, several eastern states approved them as vocational and required the graduate employment surveys, and one agency said that they were covered under the definition of educational objectives.

In light of the growing number of certificate programs in colleges and universities around the country, the agency director asked VA to provide an interpretation of the confusing rules which would enable approval agencies "to be liberal in approving qualified certificate programs." However, the VA field director replied that K University's programs could only be approved as vocational. Convinced that "current regulations

should not be categorically considered the bottom line in definitions for educational matters," K.U. asked for either broadened interpretation of the regulations as recommended by the regional office, or modified regulations which "meet the needs of legislative mandates and accepted educational practices."

In a detailed letter to Administrator Max Cleland, the K University provost argued that VA definitions of vocational objectives were inappropriate for the university's certification programs. Vocational objectives are occupations ordinarily attained upon completion of a business, technical, trade, or other vocational school course, such as that of a stenographer, machinist, electronic technician, x-ray technician, radio and television serviceman, or automobile mechanic. In contrast, the provost quoted VA definitions of an educational objective as "a diploma, degree or certificate which reflects education attainment [his emphasis] as distinguished from a certificate or license to practice a profession or trade." The provost also emphasized that his programs were accredited and referred to VA regulation 14253(B) which defines course objectives as "...any curriculum offered by an [institution] which is a member of one of the nationally recognized accrediting agencies or associations and which leads to a degree, diploma, or certificate will be accepted as an accredited course when approved as such by the State Approving Agency...." (his emphasis). He argued that:

1. Certificate programs at K University were conceived, designed, advertised, and operated as educational programs;

2. The Veterans Administration should not "unilaterally re-define an accredited institution's programs of study without proper consultation of the institution";

3. The VA had applied its definition of "vocational" in an "overly generalized manner to very specific and highly developed education programs"; and

4. VA contradicted its own regulations by not accepting the decisions of the approval agency.

K University's journey into the murky technicalities of VA regulations was to no avail. A.H. Thornton, Director, Education and Rehabilitation Service, responded that its certification programs were generally offered "to those who do not wish to seek degree status but who are seeking professional or personal advancement." Since they did not lead to a degree, even though under some circumstances they could be applied to a degree program, they did not lead to an education objective "...but do meet the definition of a certification of completion as provided in the Dictionary of Education."

The charge of usurping state approval authority was summarily dismissed.

Although the State approving agency makes the approval, it is the Veterans Administration's responsibility to determine that all provisions of the law and regulations are met. This also includes any provisions established through existing policy...which further clarify the regulations. Our designation of your graduate certificate programs as leading to vocational objectives does not contradict the provisions of section 21.4253(B) [acceptance by the VA of a state agency's approval of a course as accredited].

Neither accreditation, a regional office recommendation, nor complaints about disregarding an important educational development had any effect.

Many institutions have not adopted K University's dogged and frustrated course. Many community colleges do not request approval for one-year certificate programs, but only for two-year associate degree programs. If a veteran drops out of the degree program after one year, as

many do, he may petition for and receive the certificate. The veteran loses nothing and the colleges avoid the additional approval requirements. Many vocational courses have been transformed from diploma to degree programs to take advantage of the VA's more liberal measures for credit as opposed to clock-hour courses.

Inventive institutions, often with the tacit support of regional offices, have converted two legislative restrictions into wider opportunities for themselves and veterans. Section 1791, Title 38, limits a veteran to one change of program (a second change is permissible, however, following counselling). VA regulation has long held that courses for professional advancement may not be approved for benefits since the veteran is already qualified. Under this restriction, some programs of continuing education may not be approved. In such instances, schools advise the veteran to declare a change of program and enroll in a new major. Although the veteran has no intention of completing the second degree, he remains long enough to get the credits required by the state for teacher recertification, for example.

An Independent Study Program

The VA has stated that full-time benefits can be paid only when the student enrolls for 12 hours (or, more precisely, allowing for a 10 minute break between classes, 600 minutes) per week of scheduled classes with two or more students receiving instruction from a teacher. Angry educators maintain it is they and not the VA who have the competence

and responsibility to determine what constitutes full-time study. However, VA, not the schools or the states, is responsible for determining benefits and it is most unlikely that Congress will delegate that responsibility to the schools: not in a period of budgetary restraint, with the memory fresh of large overpayments, of institutions tolerating the non-presence and nonprogress of veterans; not with the statutory injunction that "particular attention should be given [by VA and state approval agencies] to...fraudulent and other criminal activities on the part of persons connected with educational institutions in which eligible...veterans are enrolled" (Sec. 1773).

Many programs of rigorous and even exhausting instruction do not qualify under VA guidelines as full-time pursuit. Institutional relationships with the VA can become confused and antagonistic when programs approved by state approval agencies and education boards are denied full-time benefits. "The primary, overall problem involving the approval process," a university official declared, "is the ability of the VA to override, negate and/or postpone indefinitely any approval action made by the SAA." Such action left schools and veterans "completely adrift."

Many institutional representatives have concluded that the role of the state approval agencies is secondary. "A state agency's affirmative decision has no substance without VA concurrence."

Lifetime College, the second largest of five campuses of the N. State University, is a night and weekend college particularly attractive to the older veteran who needs a flexible schedule. In the spring of 1978, 1,500 veterans were enrolled, representing 13 percent of the student body and providing close to 25 percent of total tuition receipts.

In 1972, Lifetime College established a new program patterned after the Open University of the United Kingdom, featuring structured reading, optional weekly classes on and off campus, and television and media aids. Students were required to do assigned reading and written work and take a proctored final exam at the university. Tutors and instructors were available for consultation during regularly scheduled telephone hours.

Until December 1974, veterans enrolled in this program were eligible for full-time benefits. VA regulation 14280 then revised independent study rules to require that the major portion of the credit hours be offered by classroom or laboratory attendance; if not, the course was measured as less than half-time. The VA regional office held that, under the new regulation, the Lifetime College courses were independent study; hence payment could only be given for tuition and fees or \$135 per month, whichever was less.

As the change adversely affected nearly 100 veterans, it was brought to the attention of the state approval agency, which reviewed the program and issued an opinion to the regional office. The accreditation specialist with the State Department of Education stated that the Lifetime courses fit the definition of regular college classes, not independent study. He based his opinion on the following facts:

- o Lifetime courses were 12 weeks in duration;
- o The classes met at a fixed time and place for 180 minutes each week;
- o In addition, an obligatory weekend seminar met for 12 hours once a semester;
- o Each semester, six hours of television broadcasts must be viewed outside of class time;

- o All examinations except the final were taken outside of class; these required 24 hours per semester.

In addition, the state agency pointed out that the Lifetime student had more contact with the university than students taking a normal college class. Attendance was not mandatory at N. State University classes, but a student missing two consecutive Lifetime classes was called by his instructor to find out why. As Lifetime College did not offer its own degree, all students had to meet the same admission and retention requirements as other N. State University enrollees.

VA held firm. After reexamining the issue, the regional office insisted that full-time benefits could be authorized only for enrollments in at least 12 weekly class sessions or equivalent contact hours over a standard quarter or semester. (A standard class hour is defined as 50 minutes of academic instruction or two hours or more of laboratory or workshop sessions, with equivalent class session measurement obtained by dividing the number of contact hours by the length of a standard class session.) Lifetime courses would remain classified as "independent study" since "a major portion of the credit-hours for which the veteran or eligible person is enrolled during any term is not offered through conventional classroom and/or laboratory sessions." The state agency's attempt to approve the Lifetime program separately was rejected (ironically so, given later VA interest in separate approvals for branch campuses and independent study courses) on the ground that it was part of N. State University, which was already approved.

A Lifetime College veteran may take as many as 15 hours of credit and still receive less than half-time benefits. University officials regard the contact-hour requirement as totally out of step with current educational

realities. Noting that similar problems occur with accelerated summer programs (some of which last only four weeks), they believe that the seat-time requirement "destroys the very flexibility the vet needs to take advantage of his educational benefits." The determination of what is a regular college class or independent study is, they contend, really a question of quality which should be left to the state approval agency.

All schools do not take the usually fruitless course of confronting the VA on such issues. Many simply trim their sails to the VA winds. A large community college enrolling over 3,000 veterans offered a variable time "Life Lab" program of independent study for one of three associate degrees. When VA determined that the program qualified for half-time benefits, the college instituted a weekly student meeting with a facilitator-adviser, thus creating a "class" to meet the seat-time requirement. VA then authorized full-time benefits. Advised that six weekly class hours were insufficient for full-time benefits at its branch campus on a California military base, a midwest college added a seventh class period weekly. At a southern community college, the regional office denied full-time benefits to veterans taking nine hours of regular courses and three hours at an extended learning institute because the institute courses had no time limit for completion. The college established a generous nominal completion time and VA agreed to pay full-time benefits.

Some schools have decided that what the VA doesn't know won't hurt them. As a new catalog will trigger an approval review by either the state agency or the VA, they extend the interval between new catalogs and/or neglect to notify state agencies of program changes. VA may yet precipitate a five-year catalog.

The Regents' External Degree

The Central Office has been accused of introducing regulations retroactively, thereby placing schools with good records of compliance in jeopardy. One flight school was recently found to be out of compliance because its placement rate in the two years before the introduction of the 50 percent placement survey was below 50 percent.

Since 1972, the University of the State of New York Regents' External Degree program has offered the opportunity to earn credit and degrees by examination, college courses, and nontraditional instruction. In 1978, eight external degrees were offered; two associate degrees in nursing, and baccalaureate degrees in nursing and business administration. The faculty (drawn from public and private institution around the state) sets and publishes requirements. Anyone with a high school diploma or equivalent who is able to do college-level work may enroll; students need not reside in New York State; there is no age limit; the method of preparation is not prescribed; all general education and most professional requirements may be satisfied by passing courses at accredited colleges; no classroom attendance is required.²⁹ Students are given examination descriptions, study guidance, and bibliographies, and can take examinations or attend classes at a nearby college. As degree requirements are satisfied, a status report is prepared by the SUNY registrar; upon completion of all requirements, the faculty reviews the student's academic records and recommends conferral of a degree. As of September 1978, 7,994 students from age 17 to 75 have received degrees; 85 percent earned credit by submitting college transcripts for evaluation. Of the 4,000 active military duty graduates, 2,400 earned credit for military service

courses evaluated by the American Council on Education.

The external degree program, now accredited by Middle States, has established a solid reputation based on student attainment and licensing exam performance. For example, of the first 399 graduates of the associated nursing degree program taking the New York State Board licensure exam, 88 percent passed on the first attempt, well above the national average.³⁰

Of the 27,003 enrolled between 1972 and 1978, 30 percent have received degrees.

Like the Lifetime College program, the Regents external degree program was initially approved by the state approval agency for one year and veterans received benefits on a standard classroom credit basis. In November 1973, however, VA Central Office stopped payments for one year because there was no faculty available to the students and no established enrollment period. In 1976, New York State took the issue to court in 1976. At an informal hearing in chambers, an accommodation was reached. The state agreed to add an addendum to the catalog, to make faculty available, and to explain the required reporting system; VA agreed to benefit payments at the less than half-time independent study rate.

According to program officials, the issue had little to do with numbers. In the peak enrollment year, only 100 veterans were eligible for benefits, and the monetary amounts were small. Tuition for a Bachelor of Arts degree averaged \$1,000, and the veteran was reimbursed only for tuition and fees. Yet VA denied benefits despite state agency approval. Even after three years, state approval staff believe there is "harassment," that the Regents degree program is

continually questioned by the VA; it has been the subject of many recent communications between the regional and central office.

Grades, Progress, and Patience

The mundane demands of recordkeeping and reporting are the most frequent cause of VA-institution friction. When ten large midwestern universities informed VA headquarters that they could not comply with 1976 directives on the reporting of attendance and voluntary student withdrawals, their standards of progress were accepted. A southern public institution with a predominantly minority enrollment has been handled with kid gloves. Compliance surveys two years apart revealed extensive problems with sloppy recordkeeping and failure to enforce standards of progress requirements. The list of discrepancies consumed three single-spaced pages. Despite lack of improvement between compliance visits and mounting overpayments, the college retained its approval and benefits have continued. The state approval agency and the regional office have provided technical assistance and seemingly inexhaustible patience to school officials.

Another troubled institution did not fare so well.

Fledgling Community College was subject to five compliance surveys in four months and a three-day visit by state approval staff investigating recordkeeping and reporting, grading policy in non-credit courses, unauthorized course repetition, incorrect certification, and standards of progress in degree and certificate programs. The school was notified that if discrepancies were not corrected by the time of a follow-up survey, approval could be withdrawn and benefit payments suspended.

From the school's perspective, problems arose because its educational arrangements could not be fitted into VA's reporting requirements, and the school lacked the resources to install a special data system just for the VA.

Grading policy was a serious sticking point since many non-punitive grades were permitted and not computed in the grade point average. An alphabet soup of standards included: I-Incomplete, W-Withdrawal, AU-Audit, CR-Credit given for nontraditional transfer work, NC-No Credit, ++Repeated Course, and X-Not reported by instructor.

The withdrawal policy set forth in the catalog posed particular difficulties because a student received no punitive grade for dropping out before the final exam.

All withdrawals...up to four calendar weeks prior to the end of the semester will result in a "W" grade. An "NC" grade will be given rather than a "W" during the last four-week period except that, prior to the last week of classes, the student may be withdrawn with a "W" grade if the instructor certifies that the student is passing. No "W" may be given during the last week of classes.

From the VA's point of view, such a policy can encourage veterans to enroll merely to collect benefits. As the school saw it, the liberal withdrawal policy preserved student opportunity and freedom of choice. The school encouraged a smorgasbord taste-and-sample approach, as stated in the catalog:

At one point a person may want English Composition...Local Government, Chemistry, and other university parallel courses for transfer...or he may want to enroll in a two-year vocational-technical program. At another time, this same person may want to change careers, learn a new occupation, a new skill. At still another point, he or she may want to learn something for fun--Conversational Spanish, Gardening, Bridge, or How to Write Entertaining Letters.

Whatever brought you here, we want you to feel at home, and we want you to come back often....

Loathe to lose one-fifth of its students, the community college made major changes to comply with VA requirements; internal reporting was mechanized and the good-standing policy has been altered. Ironically, one standard was lowered. A cumulative 1.5 average rather than a 2.0 on a 4.0 scale is now an adequate standard of progress. The student goes on probation when the average drops to 1.5 and he must raise his average to 2.0 the next semester to get off probation, demonstrate evidence of progress, and retain financial aid eligibility. However, standards of progress for financial aid purposes rest on the student's semester, not cumulative, average.

Change has caused serious internal friction at the college. Anxious to eliminate any gray areas, the administration proposed dropping non-credit courses and adopting punitive grades. The faculty has held firm to the concept of non-punitive grading as essential to the fulfillment of the college's mission and the dispute has been sent to the Board of Trustees for review and resolution.

The college president is vocal, angry, and harassed. In his opinion, major policy shifts within his institution are being dictated by VA regulation and his authority has been undercut. He feels that the financial aid and veterans' affairs offices, allied to "outside forces," have inordinate influence. He resents the money and manpower diverted to compliance with regulations and estimates that 30 percent of his own time must be devoted to such problems. He asks, "When everyone is looking at documentation and recordkeeping, who looks at the quality of services?"

Because of its youth and tentative status (it was accredited by the Southern Association in 1979), the college is, however, bending to the regulation. It feels too vulnerable to object.

This school is joined by many others which complain that congressional and VA edicts have forced discriminatory treatment of veteran students. Some institutions have developed tracking systems to report non-attendance of veterans. Many others refused to do so. An official of a major university said, "If the VA had insisted on attendance keeping [which it has not done], we would have told them to take their veterans and shove off." It was not an idle threat. The university had far more applicants than it could admit and was in no way dependent on its veteran enrollment. A nonprofit school we visited reported "F" grades to the VA to satisfy its rule on student progress, though such grades were not used in computing grade point averages. Others have published separate grading policies for veterans and complain that veterans must meet higher standards of progress than other students. In a large university, for example, the catalog allows students to be on probation for two quarters, but the VA terminated benefits after only one. At another university, a student with a grade point average of at least 2.04 could be making acceptable progress by school standards even with 15 credit hours of "F"; veterans were allowed only 13 "F" credits. A University of Minnesota study of 500 veteran and 500 non-veteran students concluded that VA regulations removed needed flexibility for veterans and subjected them to higher standards than other students. Three-fourths of the veterans who had lost benefits due to the standard of progress rule had at least a C average. It was not unusual for a veteran on the dean's list to be terminated for unsatisfactory progress. Institution spokesmen find such anomalies indefensible. School standards should apply equally to all students.

The final two case studies offer examples of schools which have "beat the system." Operating pragmatically with efficient data processing systems, they have complied with all VA regulations. To be sure, spotless

compliance can be unrelated to educational quality.

A Shrewd Branch Campus

Despite VA muttering about its quality, generous credit for "life experience," and nearly automated manufacture of M.A.'s, an accredited out-of state university operating half a continent away from its mid-west base has satisfied all VA requirements. Shrewdly anticipating problems, the university has kept happily ahead of VA regulations.

- o Noting confusion between the regional offices and state approval agencies in a two-state metropolitan area, the university offered only graduate courses, thus avoiding the more complicated certification process for undergraduates.
- o Spotting an "inevitable liability problem," the university refused to become involved in advance pay or power of attorney payment assignment, certifying veterans only after their confirmed enrollment.
- o A veteran may take three credits one month and none the next three; no more than a third of 500 veteran enrollees are taking classes at any one period of time. Recognizing potential problems with contact hour requirements and certification, the university made sure that each class met VA weekly hour requirements for full-time benefits, established an efficient system for monthly certification of each veteran, and instructed teachers to take attendance at the first three class sessions. A veteran missing three sessions was immediately decertified.
- o Expert on VA regulations and U.S. Code 38, a university official stated, "We know that the VA and the Congress do not intend to pay for 'courses' in the sense of unit subjects. The law requires that the veteran be in pursuit of an educational objective." To avoid any questions about the legitimacy of pursuit, the school did not

certify any veteran unless and until he was "fully admitted to the graduate degree program."

- o Records are astonishingly precise and reported with unfailing promptness. Veterans records (active or inactive), kept for the full seven-year period allowed by the university for degree completion, are periodically reviewed, checked, and updated.
- o As criticism of military base offerings mounted (many of the university's sites are on military bases), joint accrediting teams were asked to evaluate the out-of-state programs, thereby defusing state pressure for inspection and licensure.

In short, the bywords are cooperation and conformity. The university's major complaint concerns the disagreements among the state approval agencies in the many states where it offers programs. In the interests of efficiency, the university would like to dispense with them. "Because the SAA is a creature of the VA," says a staff director, "the only reason for its existence is to provide information the VA requires. The state has no need for such a body. Thus, there is no justification for the states' rights theory of individuality of state agency rulings." Fear of federal control of education is the least of the university's worries. "In the case of a dispute between state approval agencies, Central Office should immediately assume the role of arbitrator, issue a ruling and send out the word on that ruling to every single state."

An Efficient Correspondence School

The more businesslike a school, the more readily can it satisfy VA requirements.

McGraw-Hill Continuing Education Center in Washington, D.C. is composed of the National Radio Institute (NRI) founded in 1914, which offers courses in radio and TV repair and assembly; and the Capitol Radio

Engineering Institute (CREI), which no longer enrolls new students, offering more advanced courses in electronics. Engineering students can receive credit toward associate and bachelor degrees in applied science and engineering with a number of other institutions including Northern Virginia Community College and New York Institute of Technology.

The Engineering Institute had about 95 sales representatives around the country while the Radio Institute had none and operated solely by mail. About 5,000 new students enrolled yearly at the Engineering Institute, with 30-40,000 active at any one time. The Radio Institute enrolled about 20,000 new students yearly with 65-70,000 active at any given time. The number of active students in both schools approached 100,000. In the third quarter of 1978, some 33 percent of enrollees in both schools were veteran beneficiaries. The proportion of veteran students has been declining.

The completion rate was 75 percent on the National Home Study Council method, which reckons lessons completed as a proportion of the total possible. The graduation rate, however, was under 30 percent (5 percent for CREI).

The Center was approved as two separate schools, neither at the college level. Courses which could be completed in less than six months or those which did not serve a vocational purpose were not approved. For example, the Center offered two courses on servicing and assembling a color TV. One involved a 19-inch, the other a 25-inch set. Only the latter, in which equipment was provided for training in repair work, was approved. Limiting benefits to 90 percent of tuition has had no visible effect on enrollment. The most expensive course was \$1,600 and took up to three years at a per-lesson rate of \$25.60. Beyond the

six-month minimum, completion dates were free-wheeling. If a veteran finished a three-year course in six months, the VA paid 90 percent of the total cost, since payment was based on the number of exams completed.

McGraw-Hill has developed the processing of student papers into a finely-tuned science. After a student signed a contract, the sales representative forwarded it to the Engineering Institute, which returned the required affirmation advising the veteran that his application could not be acted on for the required 11-day cooling-off period. (Few withdrew during this period.) The veteran's application for benefits was printed on the reverse side of the enrollment certificate. The Center completed both and sent them to the appropriate regional office. Overpayments were limited since an IBM record card tracked the number of lessons completed each quarter. Information from the cards was promptly returned to the regional office for benefit determinations. The positive affirmation statement, initially a source of confusion for many correspondence schools since the VA provided no forms, posed only a temporary problem for McGraw-Hill. It simply devised and distributed its own form.

When McGraw-Hill offered a new course, it applied for approval four months in advance, allowing the Washington, D.C. VA regional office (now functioning as the approval agency) ample time to notify VA Central, which in turn notified all regional offices. To facilitate the process, the Center typed the VA transmittal form, retyping all of the currently approved courses as well as the new one, on the form.

Efficient business operations, this example suggests, are a passport to good relations with the VA. The Center processed 5,000 pieces of mail daily, offering instruction by mail and computer, almost untouched by human hands. Multiple-choice exams were graded by computer and returned to the student in the next day's mail. The computer was in the building

and the post office was half a block away. Financial records and completion statistics, including those required by the VA, were kept current by three groups of eight women each at desks arranged in an ellipse around a moving track with record books which passed each desk once a minute.

It is hard to imagine any regulation for which the Center could not devise a method of complying. As one official said, "It's a pretty well-oiled machine. We've been dealing with the VA a long time." The cost of maintaining VA records, unestimated but said to be "high," is accepted if, like the cost of gasoline, unhappily, as part of doing business.

The only complaint was that regional offices might take four to seven weeks to process a benefit award, and the Center, which dealt with all regional offices, at times had difficulty determining which one should be sent a particular student's forms, particularly in states like California with more than one regional office.

Concessions and Bridge Building

While VA can, with justification, be described as old-fashioned, autocratic, rigid, and stubborn, it is genuinely concerned with the seriousness of education. It is suspicious of collusion by schools and veterans to milk the taxpayer by fashionable devices which relax most traditional educational rules--except registration and tuition!--to offer easy credit, easy grades, easy attendance, and easy degrees.

VA is not alone in this concern. At an American Assembly conference on "The Integrity of Higher Education" a presentation noted that:

In higher education, virtually every innovation--such as the external degree, credit by examination, credit for life experience, the elimination of language and science requirements, and the elimination of residency requirements for graduate degrees--has been one which has made the obtaining of a degree less expensive for the consumer in dollars, time, or effort.... on balance [this trend] will bring a diminution in the effort to obtain a degree and probably a decrement of learning as well.³¹

Nevertheless, VA has responded, at least in part, to complaints by higher educational institutions. In its December 1978 report to Congress on standards of progress and class session requirements, it took a giant conciliatory step. Because of their significance to this study, the conclusions and recommendations will be quoted in their entirety:

Conclusions

I

The issues involving Standards of Progress and Measurement for Payment Purposes have resulted in a serious deterioration of the relationship between the Veterans Administration and the higher education community. The VA would like to restore that relationship to one of mutual trust and cooperation. As a major step in that direction, the VA began consultation with members of the academic world on major policy issues, including distribution of draft publications for comment prior to adoption. We have also broadened the base of the Administrator's Advisory Committee on Education and Rehabilitation to include representatives of groups which have been highly critical of the VA. We have committed ourselves to making publications and regulations more intelligible, and we hereby renew and reaffirm that commitment. We recognize that controversy can be avoided by use of clear and concise language.

Lead time available to the VA to implement new legislation has often been too brief or nonexistent. The VA is obliged to implement laws in accordance with the effective dates assigned. However, due to extremely short time frames, the VA often cannot issue implementing publications until well after such dates, and this results in an obvious source of friction and dissatisfaction.

II

We find that the amendments to section 1775 and 1780, 38 U.S.C., enacted by Section 504, 505 and 506 of PL 94-502, together with administrative actions previously taken by the VA have closed off many avenues of abuse. Section 1775, 38 U.S.C., now requires that an accredited school's catalog must be certified as true and correct and must state its progress requirements and must include the information required by sections 1776(b) (6) and (7). Thus, the VA believes that standards of progress now in effect in most accredited collegiate institutions, taken together with these amended provisions of law, are generally sufficient to avoid abuse.

III

We find that the most troublesome aspects of the standards of progress issues are related to the PL 94-502 and PL 95-202 amendments to sections 1674 and 1724, 38 U.S.C. These amendments impose considerable administrative burdens on the schools that appear to outweigh their utility. They also appear to produce unjust results in some cases.

IV

We find that there is a continuing need for regulations implementing the intent of the law that full-time benefits should be paid only for periods of full-time educational activity. We also find that there should be additional Congressional clarification in the law concerning non-standard measurement criteria, including those for nontraditional programs and delivery modes of education.

Recommendations

I

We suggest the following legislative changes for Congressional consideration:

1.

Eliminate course completion time as a statutory factor in monitoring the progress of a veteran or eligible person by amending sections 1674 and 1724, 38 U.S.C.

2.

Congressional reaffirmation of (1) the VA's traditional authority under current law; and (2) the VA's implementation of the traditional statutory distinctions made in benefit levels based upon the type of program and periods of course pursuit.

3.

Congressional clarification of (1) those areas in dispute; and (2) the measurement and the amount of benefits payable for nontraditional programs.

II

We recommend the following administrative changes:

1.

Further clarify that the standards of progress required by sections 1775 and 1776, 38 U.S.C., must include conditions for interruption for unsatisfactory grades or progress, and that approval must be denied or withdrawn where a school's policies or practices permit retention of a student not making progress.

2.

Further define for the purpose of sections 1682(e) and 1732(c) (3), 38 U.S.C., the term "independent study."

3.

Further define for the purpose of section 1780(g), "enrollment" and "enrollment period", "pursuit", and "attendance".

Re-examine for the purposes of section 1788(b), "full-time training" and "part-time training" in the case of all types of courses not referred to in section 1788(a), including courses offered on a nonstandard quarter- or semester-hour basis, and including courses offered through nontraditional delivery modes.³²

Improving the Approval Process

Schools and universities speak with many voices about the changes they would like to see in the approval process. Many, perhaps most, accept that process as a pointless but harmless formality. Approval has rarely been withdrawn from an accredited institution. Those who advocate change present three alternatives:

Restoring the Status Quo Ante

There should be a better division of labor between VA and the state agencies. However, there is as much disagreement about the division as there is confusion about present responsibilities. Some would assign to the VA the functions of adjudication and benefits determination, including compliance inspections, while approvals would be restored to the state, without VA interference. According to this reasoning, if the states were given full authority to assess institutions and courses, they would do so fairly and with more understanding of (or is it, influence by?) local institutions than the less qualified VA staff.

However, institutional officials may question the independence of state agencies. Their VA funding poses a possible conflict of interest and reinforces the impression that the state agency is simply a servant of the VA, unwilling or unable strongly to defend or represent the institutional perspective in any controversy. This perspective adds an Alice in Wonderland quality to any analysis of the approval system. It seems that the state agencies can't win. To headquarters staff, they are inept partners in determining course "quality" and obstacles in

implementing Congressional edicts. To regional staff, they can be recalcitrant regulators who owe primary allegiance to their state educational bureaucracies and institutions. To institutions, they are either tools of VA or, if not, are simply powerless and hence dispensable. Friend or foe, VA has the money and hence the power with which they must contend.

Unfortunately, the institutional leaders who would like to free state agencies from dependence on VA offered no proposals for alternative funding. Some agency directors have hoped for Office of Education grants. OE might welcome such grants as part of its effort to strengthen state licensing and consumer protection functions, but will the Congressional veterans affairs committees which defeated the attempt of the proposed Department of Education to absorb the GI program give away these cogs in the wheels of the program?

A Disposable Bag

To many school administrators, the state approval agency is expendable and its function, perfunctory. They point to oversight by other federal agencies such as the Department of Labor and the Federal Aviation Administration, to the responsibility of licensing agencies, state boards authorizing programs and budgets, and private accrediting bodies as substantial and sufficient checks on their operations. They acknowledge the legitimacy of VA's monitoring federal expenditures, and, given a choice, would prefer a limited VA role and elimination of the redundant state paper processing machine.

But, as one weary state licensing-cum-approval official sighed, "As long as the Congress and the VA keep promulgating special criteria for veteran students, the state approval system is a little bit like God. If it didn't exist, we would have to invent it."

"A Pox on Both Houses"

Some opt for exclusive reliance on accreditation. In their view, the state role would be limited (as, in fact, it often is) to investigating unaccredited schools and, perhaps, accredited institutions posing special difficulties. Unaccredited schools which have to comply with pages of regulatory minutiae involving attendance, lunch breaks, clock hours and refunds resent the general immunity granted to accredited institutions. "What is sauce for the goose...."

To others, institutional accreditation does not assess individual programs and VA should rely instead on the institution's internal system of course authorization. This system which begins with the faculty member and moves upward, through the departmental committee and chairman, to the dean, faculty senate and president, is more rigorous for new than for existing courses. Because of the current need to attract new students and respond to educational fads and fashions, it is a better test of the profitability than the quality of a new course. Under this alternative, the VA would merely audit the process by which schools make curricular decisions. This suggestion parallels the Office of Education system which evaluates the process by which accrediting agencies evaluate institutions rather than the substance of their evaluations.

What the Schools Want

Like the regional offices, institutions have reached a period of weary accommodation. More and more will let approval lapse as the number of veterans declines. Others, however, will attempt to satisfy VA so long as the number of veterans remains significant or their sense of public service prevails. Beyond broad changes in the approval system, institutions have many specific suggestions to improve the present approval-benefit system. As we have seen, few school officials draw the

same fine distinctions as state or VA staff between the approval and benefit systems.

Liability

Higher education officials have been incensed by VA attempts to hold schools liable for benefit overpayments to veterans. While the VA has always had such authority under Section 1785, U.S.C. 38, it was little used before 1975. Liability was then assessed without due process, institution spokesmen charged; and most of the "overpayments" were attributable to veterans, to slowness and errors of VA paper processing, and to VA's failure to communicate and consult with the schools.

They were exercised over the VA ruling that waiver of recovery from the veteran did not necessarily excuse a school from liability. VA did move against veterans. Between March and August 1978, 12,866 cases against veterans were referred to federal prosecutors and 35,000 more were in the works. Each case was said to involve about \$1,000 in overpayments.

The chief executive officer of a California community college district assessed a potential liability exceeding \$2 million complained that the only way a college could protect itself was to take daily attendance, which would be like bringing back chains in prison. Commenting on the serious impact of liability, he said,

Our first concern is the current exemption from the Federal Administration Procedure Act those claims for veterans overpayments where such claims are consolidated and pursued against our colleges. The exemption sets the ground work for the absence of any formal administrative procedures insuring fair play involving potential institution liability where the total claim may exceed hundreds of thousands of dollars.

The institutional liability concept is particularly exacerbating to the California community colleges in that no tuition or fee is charged the veteran. For the vast majority of other institutions, imposition of liability means a return to the federal government of those monies received by the institution from the veteran to which he was not entitled; for community colleges institutional liability means a district must find funds from other sources if it is to concede to liability.

Institutions argued that veterans should be made responsible for reporting their enrollment and progress. Each veteran should submit to the VA a monthly form with enough information to establish his attendance and progress, and, at the end of each semester, a transcript. Alternatively, VA should send the veteran a copy of the information it was using to establish his benefit, permitting him to correct any errors. As one educator remarked, "It is not the responsibility of educational institutions to play the role of probation officer for the VA...."

It was suggested that VA should pay the veteran at the end of each term, upon presentation of a transcript. To avoid liability, many schools have moved from annual to semester certification of veterans. The switch is costly, and schools would prefer to shift the reporting burden to VA and/or the veteran. As one education association put it, schools should not be "...forced to assume responsibility for determining benefits eligibility, nor for performing the VA's clerical work which has no educational purpose." Reduction of VA recordkeeping requirements is a priority item.

Selective Enforcement

Educational spokesmen would like VA to identify problem schools and focus on their problems rather than making excessive demands of all schools. VA responds that such a policy would constitute unequal and discriminatory enforcement and raise constitutional issues.

Regulations

Educators agree with everyone else that too many regulations are clumsy and unrealistic; should never be, but too often are, retroactive; and reflect a lack of educational expertise and prior consultation. Recommendations include simplifying, clarifying, and codifying the entire body of rulings; establishing a board of qualified educators and state

approval agency representatives to review regulations and circulars prior to publication; and strengthening the composition and responsibilities of the Administrator's Education and Rehabilitation Advisory Committee.

Many institutional administrators would like to see VA regulations conform more closely with those of other federal agencies and with existing institutional data systems. They say that VA has changed its rules and regulations so often and so drastically that colleges are hesitant to put anything about veterans in their catalog. In their view, VA should get out of the "catalog business." Instead, some other agency should establish uniform national truth-in-packaging rules for all federal funding programs. (They show little concern about uniformity: perhaps they will show more, if they get it.)

Money

Schools would like a fuller VA reimbursement of their reporting costs than is likely, given the recent actions of Congress and strong trends to economize in government expenditures.

Nontraditional Programs

Educators complain that VA tries to apply the same rules to too broad a spectrum of institutions and programs, including two-year trade schools and universities, traditional and nontraditional programs. Nontraditional programs should at least be measured in total course hours rather than the hours of sitting in class, and benefits should reflect the credits completed.

External and internal students receive the same degree. Therefore, external degree students should receive benefits proportionate to the credits they earn.

In sum, higher educational spokesmen would like the GI program to:

- o Allow a veteran to pursue more than one goal at a time.
- o Approve short-term and continuing education which improves skills and has demonstrable usefulness.
- o Allow full benefit rates, calculated on credit earned, for nontraditional and correspondence study.
- o Allow institutions to treat veterans in the same manner as other students

Interaction and Communication

Much criticism is voiced at the failure to consult or involve institutions in the preparation of regulations. VA cannot expect unworkable and incomprehensible regulations to work and be understood, or unconsulted institutions immediately to spew forth whatever data are requested. Educators believe that if VA and state staff will take the time to learn--and they will gladly explain--how they operate, they can together prepare practicable rules to replace the sickening concoctions of the Washington fudge factory and restore peace between VA and the academy. The rules should not discriminate among students or modes of instruction.

Independent or VA-initiated Vietnam Veterans Civic Councils have been established in most states. In Florida, council members include registrars and deans of students affairs, veterans, and representatives of major service organizations who discuss how best to comply with the law with little trauma. They have successfully introduced changes which Central Office staff had said would not work.

Educators seek a rule of reason and a measure of flexibility in the approval process. Most institutions want to comply with regulations, especially reasonable regulations compatible with institutional practice and philosophy.

Footnotes

1. "Summary of Findings Concerning the Status of Vietnam Era Veterans", The White House, Oct. 10, 1978, 23 pp., offset, p. 1. The term refers to veterans and service personnel who served on or after August 5, 1964. While the Vietnam era ended by Presidential Proclamation on May 7, 1975, the proclamation did not effect entitlement to chapter 34 benefits for those in service on that day or those who subsequently entered active duty service until January 1, 1977, when the Post-Vietnam Era legislation, Public Law 94-502 went into effect (Veterans Administration: Veterans' Benefits Under Current Educational Programs, Information Bulletin, April 1978, Washington, D.C., p. 4).

2. Idem.

3. Ibid., p. 2.

4. Idem.

5. Veterans Administration, Data on Vietnam Era Veterans, September 1978, p. 14.

6. Educationally disadvantaged veterans have received special attention under the current GI Bill. Unlike their cohorts receiving benefits under previous bills, they have been offered the opportunity to upgrade their education to the high school completion level. The 1970 amendments to the Vietnam Era GI Bill permitted veterans to enroll in secondary education courses with no loss of entitlement of benefits or time allotment. The Pre-Discharge Entitlement Program (PREP) permitted in-service personnel to attain high-school diplomas and GED certificates. Other free entitlement provisions have permitted veteran enrollment in high school and college preparatory classes including non-credit courses to remedy educational deficiencies in their chosen field of study. In addition, tutorial assistance is permitted for 9 months at a rate of up to \$50 per month over and above other stipends (see Sar A. Levitan and Karen Cleary, Old Wars Remain Unfinished: The Veterans Benefit System, Johns Hopkins University Press, 1973 and Michael K. Taussing, Those Who Served, The Twentieth Century Fund, New York, 1974). According to the Veterans Administration, 177,000 veterans have taken advantage of tutorial assistance at a cost of more than \$16.5 million since July 1970; 812,000 veterans and in-service personnel have utilized other free entitlement programs, including PREP (554,000 veterans and 259,000 service personnel). While cost figures are unavailable, they can be estimated at \$95 million, based on average usage of 6 weeks at 1/2 time rates. The figure is, no doubt, somewhat inflated since it does not correct for differential benefit structures over the time period since 1972. The Veterans Administration mounted vigorous outreach efforts to attract the Vietnam vet to the free entitlement programs, an effort that is

given high marks by Sar Levitan. Commenting on VA outreach in general, he suggests: "VA outreach efforts could be the model for government action to find and enlist potential recipients for help....The VA has never forced its programs on the unwilling, but in recent years it has persistently sought to ensure that none fail to receive benefits because they are uninformed of their rights, or because the bureaucracy is too complex or imposing....This example deserves emulation" (Old Wars Remain Unfinished, p. 172).

7. "Status of Vietnam Era Veterans....", pp. 2-3.

8. Ibid., p. 3.

9. Arthur Egendorf et al., Current Psycho-Social Functioning of Vietnam Era Veterans and Controls, Northeastern United States, Center for Policy Research, New York, Oct. 18, 1978, p. 2.

10. Benefit usage is not the same as full usage; a 1977 Wisconsin survey found that 44 percent of veterans attended school less than 7 months.

11. Veterans Administration, Readjustment Profile for Recently Separated Vietnam Veterans, June 1973, p. 7.

12. David E. Drew and John A. Creager, The Vietnam Era Veteran Enters College, American Council on Education, Washington, D.C., December 1972, pp. 12-13.

13. Veterans' Educational Benefits: Issues Concerning the G.I. Bill, Congressional Budget Office, October 1978, p. 6.

14. Veterans Administration, "1980 General Operating Expenses Benefit Appropriations and Funds," p. 2-35.

15. Issues Concerning the G.I. Bill, 1978: "Private colleges and universities receive 43 percent of the GI [tuition]....while they account for only 18 percent of the veteran college students. Other schools, such as vocational and technical schools, which are privately controlled, receive 88 percent of the G.I. Bill [tuition] although they enroll only 66 percent of the veterans going to those schools."

16. VA Information Bulletin, April 1978, p. 7.

17. Ibid., p. 47.

18. Carol P. Sosdian and Laure M. Sharp, The External Degree as a Credential: Graduates' Experiences in Employment and Further Study, Bureau of Social Science Research, Washington, D.C., April 1978, pp. 14-22.

19. James Wattenbarger, "State Financial Information - Community Colleges, 1977-78," University of Florida (draft), June 1979.

20. Section 1784(b) of the 38 U.S. Code provides for payment of a reporting fee to any educational institution or joint apprenticeship training committee acting as a training establishment furnishing education or training. It is computed each calendar year by multiplying \$7 by the number of eligible persons enrolled (or \$11 for veterans for whom institutions take on the added reporting burden of advance pay) on the 31st of October of each year. The fee is paid to the institution as soon as possible after the end of the calendar year and cannot be offset against any overpayment liability.

21. A Washington state mechanics' school voiced a typical complaint: "The VA is unfair to vets in proprietary school; an hour by hour attendance record is required; if they arrive 15 minutes late or leave 1 minute early, we must dock them one hour. Compliance auditors will check this and will dock benefits if absences exceed 2½ days a month. The vet says, 'I'm an adult. I wouldn't have to do this at a community college.'"

22. U.S. Congress, Senate Committee on Veterans' Affairs, Progress or Abuse - A Choice, Senate Committee Print No. 30, 95th Congress, 2nd Session, Dec. 12, 1978, p. 16.

23. Ibid., p. 17.

24. VA regulation 14234.

25. Progress or Abuse...., p. 13.

26. See Nora Jean Levin, "Consumer Information: Mirage and Meaning" in Joan S. Stark, ed., The Many Faces of Educational Consumerism, Lexington Books, Lexington, Mass., 1977, p. 146-151.

27. The following programs were approved as educational goals: Public Relations, Government Public Information, Computer Systems Applications, Scientific and Technical Information Systems, Science Technology Policy and Administration, Operations Research, Management Information Systems, Environmental Systems Management and Applied Economics. The following certificate programs were approved as professional goals: Undergraduate Certificate in Accounting, Graduate Certificate in Accounting, Graduate Certificate in Real Estate and Urban Development.

Only the following programs were determined not to lead to educational or professional goals and were therefore approved as vocational objectives: Undergraduate Certificate Program in Real Estate and Undergraduate Certificate in Computer Systems Applications.

28. May 1978 letter from the approval agency director to VA headquarters official.

29. "The Regents External Degree," PS, Postsecondary Education in New York State, Vol. 6, No. 4, Fall 1978, p. 4.

30. Ibid., p. 5.

31. Malcolm G. Scully, "Can Colleges Keep Their Integrity as Times Get Harder?", The Chronicle of Higher Education, April 9, 1979, p. 3. Other voices have expressed concern about the difficulty of measuring the quality of nontraditional offerings. Answering a request for input to the annual report of the HEW Inspector General, in a January 10, 1979 letter to Alfred L. Moye, Deputy Commissioner for Higher and Continuing Education, John Proffitt, Staff Director of the Office of Education's Division of Accreditation and Eligibility commented:

"Non Traditional Programs. DEAE has experienced growing problems in determining eligibility of institutions for Federal funds in educational settings where institutional responsibility for monitoring educational programs and funds are diffuse. The proliferation of off-campus programs and branch campuses has created operational problems. In addition, the practice of contracting by eligible institutions with ineligible institutions to provide educational services is of growing concern to us. In general, the increasing number of educational enterprises which might be labeled non-traditional fall into a category where it is extremely difficult, in many cases, to determine the soundness of their educational programs."

32. Progress or Abuse...., pp. 41-44.

15. NONTRADITIONAL HEADACHES: EVERGREEN STATE COLLEGE

Evergreen State College, Olympia, Washington, is one of those rarities, a public institution with many of the attractions of a good private liberal arts college. The first new four-year state institution in Washington in seventy-five years, Evergreen opened in 1970 after extensive planning by many academic luminaries including recent U.S. Commissioner of Education Ernest Boyer and present Boston University President John Silber. They fashioned a smaller, wetter, and less traditional Santa Cruz. In February 1979, Evergreen had 2,020 students, including some 250 veteran beneficiaries, in striking modern facilities, designed for 4,000 students, set in a heavily wooded area.

Each quarter, the academic program features coordinated study of interdisciplinary themes by 60 to 100 students with 3 to 5 faculty, more intensive study of single topics by 25 to 45 students with one or two faculty, and special study arrangements or "contracts" negotiated by individual students with a faculty member. These radical rearrangements of the traditional college format are offered a few miles from the state capital under the presidency of Daniel Evans, four times state governor. Whatever may be said for or against nontraditional education--and we are as critical as some VA officials of the laxness that can pass for education in either a traditional or nontraditional format--no one familiar with Evergreen can doubt the seriousness of its purposes and the earnestness with which they are pursued by most of its faculty, administrators, and students.

All Evergreen courses were approved by the state approval agency as "resident" courses for which veterans received benefits at the full-time rate. In August 1977, upon receiving an anonymous complaint, addressed

to President Carter, that some veterans with full-time benefits did not attend class, VA officials reviewed the college catalog and supplement and, in September 1977, instructed the director of the Seattle regional office:

2. We would like you to schedule the FY 1978 compliance survey at Evergreen State College for the beginning of FY 1978 [starting October 1, 1977]....

5. VAR 14272(D) requires that undergraduate students in resident training must attend at least 12 class sessions per week in order to be entitled to educational assistance allowance at the full-time rate. Some of the sample schedules in the catalog supplement...indicate that students are not attending 12 class sessions per week....

6. Some courses at this school are taught by individual research and creative projects, self-paced learning units and involvement in public presentations and performances. We are concerned that this may be independent study. Completion of programmed learning units in a classroom setting with a qualified instructor present is residence training. Completion of programmed learning units or texts at home is independent study. Please check the college's approval file. If the State approving agency has not approved any courses as independent study, it should be asked to review the college's courses and to approve the appropriate courses as independent study if everything is in order.

7. The college has courses which consist of learning through internships or other practical training in business establishments. The State approving agency should be asked to verify that these work-experience courses meet the requirements of either VAR 14233(A) or VAR 14265(F) as appropriate. If they do not, the State approving agency should be asked to withdraw approval for the courses.¹

Walter Johnson, Veterans Services Officer of the Seattle regional office, thereupon wrote Elmer Clausen, head of the cognizant state approval agency, then part of the Office of the Superintendent of Public Instruction, noting the Central Office request.

....Of particular concern is the method of training utilized at Evergreen and the need to insure that the training has been properly categorized so that veterans and eligible persons are receiving the correct rate of payment....At Evergreen, very few courses are pursued through classroom training. Therefore, it is essential to determine whether the courses are being conducted as independent study under VA Regulation 14280, cooperative training under VA Regulation 14233(E) or field experience under VA Regulation 14265(F). Training programs which are conducted and approved as field experience may qualify the student for the same rate of payment

as resident training courses. Students pursuing independent study courses are entitled only to the cost of tuition and fees regardless of the number of credits pursued. Cooperative training is paid at a rate approximately 75 percent of the resident training rate.

Obviously, a review of this magnitude will require a great deal of time and effort on your part. Therefore the submission of this information is not required until December 15, 1977. However, it is requested that you commence your review as soon as possible in order to insure sufficient time to make any necessary changes in individual awards prior to winter quarter 1978.²

On October 17, Clausen forwarded a copy of the regional office letter to Governor Daniel J. Evans, President, The Evergreen State College, with a cheerful

Good morning:

As the State Approving Agency for degree programs for the training of veterans under the "G.I. Bill," the original of the attached has been directed to me for reply.

Will you have a response directed to me in terms of explanation and justification and/or reconsideration of the procedures in compliance with Veterans Administration rules and regulations.

An early response to me in terms of activities you have or will be considering will be appreciated.

On October 20, Evergreen, Spokane Falls Community College, the State Board for Community College Education, Community College District 17, and five veterans asked the U.S. District Court for an injunction (which was granted on February 9) barring VA from enforcing the requirement of weekly class hours for full-time benefits or reducing benefits to the lesser independent study rate until the issue was resolved in court. They contended that the schools, not the VA, should define full-time status and that this determination need not require a minimal number of weekly class sessions. Subsequently, they also charged that by unilaterally classifying Evergreen courses as independent study, VA violated the Fifth Amendment and that it illegally sought to require the state approval agency to

approve individual courses. VA responded that the class-hour regulation was authorized by law, had been consistently followed for over two decades, and that it was VA's responsibility to determine proper benefit payments.

From November 14-18, regional office education compliance specialist Howard Lucas conducted a compliance survey at Evergreen, examining the records of 32 veteran beneficiaries. His extraordinarily detailed 16 page single-spaced survey report discussed the performance, term papers or tutoring of 15 students, and found that "beneficiaries were enrolled in programs of education which were approved as resident training but which did not appear to consist entirely of resident training."

....Students training under group contracts and independent study contracts tend to have schedules that do not meet the criteria for payment of full-time allowances....

With implementation of the provisions of VA Regulation 14272(D), clock hour measurement becomes a factor because the VA cannot pay residence rates without considering scheduled clock hours and it is necessary for the State Approving Agency to approve courses as independent study to allow payment under the provisions of VA Regulation 14280(B)....

The State Approving Agency has been advised of this situation and has tentatively approved procedures, in concert with the school, which will adequately control the process of approval on a case by case basis and will ensure appropriate certifications by the school. This plan has been submitted to the VA Central Office for approval....

Individual contracts and some group contracts are developed at the beginning of each quarter. The contract is developed by a student and professor, is submitted to the school administration for approval and then returned to the student and the professor. No record is maintained by the Administrative Offices of the school until the training has been completed other than a record that the student is engaged in contracted studies....students frequently changed their programs considerably after the contract was established....the credit awarded to a student is based on the amount and type of work he has done during an enrollment period and is not necessarily defined in advance....

The school has not reported reduction in training...and does not have a system of records which reflects that a student is in pursuit at the rate for which he originally enrolled....Recommend the State Approving Agency be advised of this discrepancy and be requested to take action to assist the school to develop a system of records which will accurately reflect the rate of pursuit....³

The last two paragraphs indicate the inadequacy of prospective benefit determinations, since a student could start a term in full-time status but, upon evaluation of his term paper, receive credit for only three-quarters or half-time effort, thus creating a substantial overpayment that no record system could detect before the fact. However, the Evergreen registrar contended that the foregoing situation would not represent a reduction in a student's course load. "If at the end of the term, a student receives only partial credit, it is not because of a reduction in credit hour load, training time, or changes to enrollment, it is because the student did not complete the required work and has received the appropriate punitive grade."⁴

At a November 22, 1977 meeting at Evergreen, regional office, state approval, and college officials agreed that the approval agency would review with college officials and subsequently approve nonresidential courses in the catalog supplement. "Since courses and schedules change at least annually, this was the only workable solution," Evergreen Veterans Administrative Coordinator William Jackson wrote us. "Again, the SAA approved our courses as resident training."⁵ However, this approval and the agreement upon which it was based, with which the regional office had concurred, were rejected by the Central Office in a December 19, 1977 memorandum to the regional office:

....The course approval by the SAA must be specific enough to identify the type of training to provide a sufficient basis on which to administer G.I. bill payments. The type of training approved must be identified, as measurement for payment purposes is contingent upon the type of training approved....Therefore, the proposal to offer a blanket approval to the school for its courses and to have the school determine the method by which VA payment should be authorized does not meet the requirements of 38 USC and is not acceptable.

It is apparent that benefits have been authorized to eligible students enrolled at Evergreen State College in violation of 38 USC and the code of Federal Regulations. Therefore, immediate action must be taken to approve only those courses which are properly identified as bona fide resident courses, work experience courses, cooperative courses and independent study. This action must be accomplished by February 1, 1978, and revised enrollment certifications submitted by the school for each student for the term commencing January 3, 1978, reflecting only approved courses and types of training. No enrollments are to be processed pending receipt of a revised approval and appropriate enrollment certification. Otherwise, benefits are to be suspended effective February 1, 1978, pending receipt of corrected approvals and corrected enrollment certifications--with each affected student informed by dictated letter of the reasons for the suspension of benefits. The school should be immediately advised that new approvals are required and corrected enrollments submitted or benefits will be terminated.⁶

Richard Murphy, the Seattle regional office director, transmitted this instruction verbatim to President Evans, adding, "We hope to work closely with the Department of Public Instruction and designees of Evergreen to minimize the impact of this decision on veteran students."⁷

A subsequent communication to Murphy from the Central Office, commenting on the compliance survey report, observed that the report indicated the "problems which occur when course approvals do not signify the type of training which is being approved. Insofar as both the SAA and Veterans Administration were fully aware of the nontraditional nature of Evergreen State College's offerings, the acceptance of the approval of all instruction as resident courses was clearly erroneous."

...the majority of instruction offered by Evergreen State College is independent study....The existing approval does not specify independent study, resident training, cooperative training, or the like: accordingly, benefits have been paid at the resident rate in error. Since you indicate that the State approving agency can not take immediate action to amend the approval to specifically identify the type of instruction offered, and since measurement and payment of benefits is the responsibility of the Veterans Administration, all awards must be adjusted effective February 5, 1978 to pay the proper rates based on the approved catalog. Based on the catalog the appropriate rates are independent study rates (i.e., tuition and fees not to exceed the less than half-time rate) excluding work experience programs....

Evergreen State College should be advised immediately of this bar to further payment for courses involving work experience. In addition, the school should be requested to submit revised enrollment certifications for the current term reflecting only those unit courses for which payment may be authorized....Where no such revised certification is received, benefits are to be suspended....

The resolution of the fundamental approval problem, however, ultimately will require that any resident, cooperative or work-experience courses offered by the school are properly differentiated from the majority of its independent study offerings. Independent study involves largely self-directed study....Conversely, for Veterans Administration payment and approval purposes, resident training contemplates traditional classroom instruction which, by its nature, reflects prescheduled classroom sessions with an assigned instructor and a class. Impromptu discussions between student and an instructor at a mutually convenient time on an "as needed" basis throughout a term does not meet the definition of a classroom session....

If Evergreen State College maintains that the school offers resident courses..., school officials should submit to both the State approving agency and your office the titles, course descriptions, schedules, etc. for these unit courses for a determination as to whether these courses may be considered as resident instruction for payment purposes....

To ensure that improper payment is not being authorized to eligible students at other schools..., each IHL's catalog should be reviewed at the earliest possible date. Should other similar approval situations be discovered, the State approving agency and the school should be immediately notified that further benefits for enrollments in these courses cannot be authorized until their course approval is amended to properly reflect the type of training which is actually offered.⁸

The instruction to review all catalogs led to a communication from the regional office to all colleges and universities explaining the facts of VA life. The GI Bill "has always provided for differing rates of benefit payments for different types of training. Resident classroom instruction entitles an eligible student to the highest monthly rate. Non-classroom training, such as independent study, correspondence study, flight training, cooperative training, etc., are all authorized special rates under the law." The chief types of college instruction of concern to the VA--undergraduate resident training, graduate resident courses, research in absentia, independent study, cooperative training, other practical

training--were listed and defined, and the memorandum closed:

Whenever it grants an approval to a school, the State Approving Agency is required to provide information to the VA to insure that each course is properly identified and paid in accordance with the type of training approved. It is the responsibility of the school to notify the SAA of the various types of training available at the school. Once an approval has been granted by the SAA and accepted by the VA, the school must certify in accordance with the approval. Non-classroom courses which are not approved as such by the SAA should not be certified to the VA. It is essential that each school review its offerings as soon as possible and contact the SAA to insure that its approval contains information on the types of training utilized in its courses.⁹

Unhappily, college officials are no more obedient vassals than state officials. Evergreen submitted additional information to the state approval agency, which reapproved courses as resident training and sent the information on to the regional office. Some of the reapprovals were accepted and others were questioned. A three-page letter requesting additional information on the class schedule of enumerated courses, group contracts, and practical training arrangements of individual veterans was sent by the regional director to Evergreen Registrar Walker Allen. The level of detail requested may be indicated by this extract:

Your list...indicated that the course entitled "Applied Research - Nuclear Power Issue" is residence training. The material which was submitted to us contained a schedule for the first four weeks of the quarter, but indicated that no schedule was available for the remainder of the quarter. In the absence of additional information, we must conclude that the training should be paid as independent study effective the fifth week of the quarter.

The documents describing "Management and the Public Interest" did not contain a schedule of training for the winter quarter....We encountered the same problem with "Good Earth II", "Vancouver and Puget", "English Theatre", "Television and Drama", and "Studies in Greece". Please furnish this office with the Winter Quarter Schedules for these programs....

Education assistance allowance cannot be paid in any case where credit is based solely on the employment of an individual. "Community Developments" taken by _____, indicates that the student is receiving credit for teaching a class and writing a paper that does not appear to have any relevance to the class. The activities described in the contract which relate to his classroom activities do not appear to exceed the activities in which any competent teacher would be engaged as a part of his job.

Payment at the independent study rate would be appropriate for the amount of credit he will receive for the paper, but we cannot pay for his work activities.

Only two of the contracts listed in the category concerning residence training could be considered residence training based on the evidence that was submitted. There were "Harmony in the Universe/Visuals" taken by _____ and "Yacht Design, History and Literature" taken by _____, both of which contain evidence that clearly indicates that the courses include scheduled classroom training. In the remainder of the cases, the information submitted was not sufficient to allow us to determine that the payees would be eligible for more than the independent study rate. The documents concerning the contract taken by _____ were illegible. We did not receive a copy of the contract taken by _____.¹⁰

The Evergreen case is still in the courts. Though the U.S. District Court ruled in large part for the college on February 6, 1979, there was little jubilation when one of us visited the college on the 8th, since the case would probably be appealed (it has been) and, even if the college is upheld, Congress can always rewrite the law. Indeed, VA has already asked Congress to reaffirm its authority to implement "statutory distinctions made in benefit levels based upon the type of program and periods of course pursuit" and to clarify "the measurement and the amount of benefits payable for nontraditional programs."¹¹

Uncertainty about the outcome and a VA letter warning veterans of possible overpayments have, college officials believe, induced a number of veterans to enroll elsewhere.¹² They see the effort to pay different benefits for different kinds of instruction as an invidious discrimination among courses for which identical credit is awarded. No Evergreen course is independent study, Registrar Walker Allen insists; all courses are resident training. "This has always...been the understanding of the State Approving Agency...."¹³

If VA wins the case (in court or in the Congress), it may be worse off than if it loses. Nontraditional instruction is likely to grow and to become more diversified. Can VA and the state approval agencies get the kind of information required in the Evergreen case to make accurate, equitable, and comparable judgments about the monthly benefits of every veteran enrolled in a thousand different educational formats? Setting aside all other issues, a great deal of administrative simplification is plainly in order.

Footnotes

1. September 13, 1977 memorandum from Ray E. Smith, Field Director, Area 4, Department of Veterans Benefits, Veterans Administration, to Director, VA Regional Office, Seattle.
2. October 6, 1977 letter from Walter R. Johnson, Veterans Services Officer, Veterans Administration Regional Office, Seattle, to Mr. Elmer E. Clausen, Director, Adult Education, Office of the Superintendent of Public Instruction, Olympia, Washington.
3. Howard M. Lucas, Education Compliance Specialist, Compliance Survey Report, Evergreen State College, November 14, 15, 16, 17 and 18, 1977.
4. July 7, 1978 letter from Walker Allen, Registrar, The Evergreen State College, to Walter R. Johnson, Veterans Services Officer, Veterans Administration Regional Office, Seattle.
5. December 28, 1979 letter from William Jackson, Office of Veterans Affairs, Evergreen State College, to Harold Orlans.
6. December 19, 1977 memorandum from Ray E. Smith, Field Director, Western Region, Veterans Administration, to Director, VA Regional Office, Seattle.
7. December 21, 1977 letter from Richard F. Murphy, Director, Veterans Administration Regional Office, Seattle, to Honorable Daniel J. Evans, President, The Evergreen State College.
8. Memorandum (undated on our copy, but evidently January 1978) from Ray E. Smith, Field Director, Western Region, Department of Veterans Benefits, to Director, VA Regional Office, Seattle, Subject: Compliance Survey Report - Evergreen State College.
9. April 25, 1978 memorandum from Richard F. Murphy, Director, VA Regional Office, Seattle to all colleges and universities.

10. February 3, 1978 letter from Richard F. Murphy, Director, Veterans Administration Regional Office, Seattle, to Mr. Walker Allen, Registrar, The Evergreen State College.

11. Progress or Abuse--A Choice, A study submitted by the Veterans' Administration to the Committee on Veterans' Affairs, United States Senate, December 12, 1978, p. 43.

12. "Many students who have attended or have considered attending those programs at Evergreen and other schools which do not meet the seat-time rule are not attending those programs because they do not choose to take the risk associated with that attendance. They are attending other programs and institutions which only approximately meet their educational needs but which are 'safe'. Olympia Technical Community College which is very close to The Evergreen State College offers many vocational and academic programs which met the 12 hour rule. OTCC's veteran enrollment is actively increasing as students leave TESC or decide not to enroll there because of the seat-time rule" (December 28, 1978 letter from William Jackson, Veterans Administrative Coordinator, The Evergreen State College to Harold Orlans).

13. July 7, 1978 letter from Walker Allen, Registrar, The Evergreen State College, to Walter R. Johnson, Veterans Services Office, Veterans Administration Regional Office, Seattle.

Appendix A

SECTIONS 1775-1779, TITLE 38, U.S. CODE, DECEMBER 1976,
VETERANS' BENEFITS

§1775. Approval of Accredited Courses

(a) A State approving agency may approve the courses offered by an educational institution when--

(1) such courses have been accredited and approved by a nationally recognized accrediting agency or association;

(2) such courses are conducted under sections 11-28 of title 20 [public vocational education courses financed under the Smith-Hughes Act of 1917]; or

(3) such courses are accepted by the State department of education for credit for a teacher's certificate or a teacher's degree.

For the purposes of this chapter the Commissioner of Education shall publish a list of nationally recognized accrediting agencies and associations which the Commissioner determines to be reliable authority as to the quality of training offered by an educational institution and the State approving agencies may, upon concurrence, utilize the accreditation of such accrediting associations or agencies for approval of the courses specifically accredited and approved by such accrediting association or agency. In making application for approval, the institution shall transmit to the State approving agency copies of its catalog or bulletin which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation and must include as a minimum the information required by sections 1776(b)(6) and (7) of this title.

(b) As a condition to approval under this section, the State approving agency must find that adequate records are kept by the educational institution to show the progress of each eligible person or veteran, and must include as a minimum (except for attendance) the requirements set forth in section 1776(c)(7) of this title. The State approving agency must also find that the educational institution maintains a written record of the previous education and training of the eligible person or veteran and clearly indicates that appropriate credit has been given by the institution for previous education and training.

§1776. Approval of Nonaccredited Courses

(a) No course of education which has not been approved by a State approving agency pursuant to section 1775 of this title, which is offered by a public or private, profit or nonprofit, educational institution shall be approved for the purposes of this chapter unless the educational institution offering such course submits to the appropriate State approving agency a written application for approval of such course in accordance with the provisions of this chapter.

(b) Such application shall be accompanied by not less than two copies of the current catalog or bulletin which is certified as true and correct in content and policy by an authorized owner or official and includes the following:

(1) Identifying data, such as volume number and date of publication;

(2) Names of the institution and its governing body, officials and faculty;

(3) A calendar of the institution showing legal holidays, beginning and ending date of each quarter, term, or semester, and other important dates;

(4) Institution policy and regulations on enrollment with respect to enrollment dates and specific entrance requirements for each course;

(5) Institution policy and regulations relative to leave, absences, class cuts, makeup work, tardiness and interruptions for unsatisfactory attendance;

(6) Institution policy and regulations relative to standards of progress required of the student by the institution (this policy will define the grading system of the institution, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress and a description of the probationary period, if any, allowed by the institution, and conditions of reentrance for those students dismissed for unsatisfactory progress. A statement will be made regarding progress records kept by the institution and furnished the student);

(7) Institution policy and regulations relating to student conduct and conditions for dismissal for unsatisfactory conduct;

(8) Detailed schedules of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) Policy and regulations of the institution relative to the refund of the unused portion of tuition, fees, and other charges in the event the student does not enter the course or withdraws or is discontinued therefrom;

(10) A description of the available space, facilities, and equipment;

(11) A course outline for each course for which approval is requested, showing subjects or units in the course, type of work or skill to be learned, and approximate time and clock hours to be spent on each subject or unit; and

(12) Policy and regulations of the institution relative to granting credit for previous educational training.

(c) The appropriate State approving agency may approve the application of such institution when the institution and its nonaccredited courses are found upon investigation to have met the following criteria:

(1) The courses, curriculum, and instruction are consistent in quality, content, and length with similar courses in public schools and other private schools in the State, with recognized accepted standards.

(2) There is in the institution adequate space, equipment, instructional material, and instructor personnel to provide training of good quality.

(3) Educational and experience qualifications of directors, administrators, and instructors are adequate.

(4) The institution maintains a written record of the previous education and training of the eligible person and clearly indicates that appropriate credit has been given by the institution for previous education and training, with the training period shortened proportionately and the eligible person and the Administrator so notified.

(5) A copy of the course outline, schedule of tuition, fees, and other charges, regulations pertaining to absence, grading policy, and rules of operation and conduct will be furnished the eligible person upon enrollment.

(6) Upon completion of training, the eligible person is given a certificate by the institution indicating the approved course and indicating that training was satisfactorily completed.

(7) Adequate records as prescribed by the State approving agency are kept to show attendance and progress or grades, and satisfactory standards relating to attendance, progress, and conduct are enforced.

(8) The institution complies with all local, city, county, municipal, State, and Federal regulations, such as fire codes, building and sanitation codes. The State approving agency may require such evidence of compliance as is deemed necessary.

(9) The institution is financially sound and capable of fulfilling its commitments for training.

(10) The institution does not utilize advertising of any type which is erroneous or misleading, either by actual statement, omission, or intimation. The institution shall not be deemed to have met this requirement until the State approving agency (A) has ascertained from the Federal Trade Commission whether the Commission has issued an order to the institution to cease and desist from any act or practice, and (B) has, if such an order has been issued, given due weight to that fact.

(11) The institution does not exceed its enrollment limitations as established by the State approving agency.

(12) The institution's administrators, directors, owners, and instructors are of good reputation and character.

(13) The institution has and maintains a policy for the refund of the unused portion of tuition, fees, and other charges in the event the eligible person fails to enter the course or withdraws or is discontinued therefrom at any time prior to completion and such policy must provide that the amount charged to the eligible person for tuition, fees, and other charges for a portion of the course shall not exceed the approximate pro rata portion of the total charges for tuition, fees, and other charges that the length of the completed portion of the course bears to its total length.

(14) Such additional criteria as may be deemed necessary by the State approving agency.

§1777. Approval of Training on the Job

(a) Any State approving agency may approve a program of training on the job (other than a program of apprenticeship) only when it finds that the job which is the objective of the training is one in which progression and appointment to the next higher classification are based upon skills learned through organized and supervised training

on the job and not on such factors as length of service and normal turnover, and that the provisions of subsections (b) and (c) of this section are met.

(b) The training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate State approving agency a written application for approval which, in addition to furnishing such information as is required by the State approving agency, contains a certification that--

(1) the wages to be paid the eligible veteran or person (A) upon entrance into training, are not less than wages paid non-veterans in the same training position and are at least 50 per centum of the wages paid for the job for which the veteran or person is to be trained, and (B) such wages will be increased in regular periodic increments until, not later than the last full month of the training period, they will be at least 85 per centum of the wages paid for the job for which such eligible veteran or person is being trained; and

(2) there is reasonable certainty that the job for which the eligible veteran or person is to be trained will be available to the veteran or person at the end of the training period.

(c) As a condition for approving a program of training on the job (other than a program of apprenticeship) the State approving agency must find upon investigation that the following criteria are met:

(1) The training content of the course is adequate to qualify the eligible veteran or person for the appointment to the job for which he is to be trained.

(2) The job customarily requires full-time training for a period of not less than six months and not more than two years.

(3) The length of the training period is not longer than that customarily required by the training establishments in the community to provide an eligible veteran or person with the required skills, arrange for the acquiring of job knowledge, technical information, and other facts which the eligible veteran or person will need to learn in order to become competent on the job for which the veteran or person is being trained.

(4) Provision is made for related instruction for the individual eligible veteran or person who may need it.

(5) There is in the training establishment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job.

(6) Adequate records are kept to show the progress made by each eligible veteran or person toward such veteran's or person's job objective.

(7) No course of training will be considered bona fide if given to an eligible veteran or person who is already qualified by training and experience for the job.

(8) A signed copy of the training agreement for each eligible veteran or person, including the training program and wage scale as approved by the State approving agency, is provided to the veteran or person and to the Administrator and the State approving agency by the employer.

- (9) That the course meets such other criteria as may be established by the State approving agency.

§1778. Notice of Approval of Courses

The State approving agency, upon determining that an educational institution has complied with all the requirements of this chapter, will issue a letter to such institution setting forth the courses which have been approved for the purposes of this chapter, and will furnish an official copy of such letter and any subsequent amendments to the Administrator. The letter of approval shall be accompanied by a copy of the catalog or bulletin of the institution, as approved by the State approving agency, and shall contain the following information:

- (1) date of letter and effective date of approval of courses;
- (2) proper address and name of each educational institution;
- (3) authority for approval and conditions of approval, referring specifically to the approved catalog or bulletin published by the educational institution;
- (4) name of each course approved;
- (5) where applicable, enrollment limitations such as maximum numbers authorized and student-teacher ratio;
- (6) signature of responsible official of State approving agency; and
- (7) such other fair and reasonable provisions as are considered necessary by the appropriate State approving agency.

§1779. Disapproval of Courses

(a) Any course approved for the purposes of this chapter which fails to meet any of the requirements of this chapter shall be immediately disapproved by the appropriate State approving agency. An educational institution which has its courses disapproved by a State approving agency will be notified of such disapproval by a certified or registered letter of notification and a return receipt secured.

(b) Each State approving agency shall notify the Administrator of each course which it has disapproved under this section. The Administrator shall notify the State approving agency of the Administrator's disapproval of any educational institution under chapter 31 of this title.

Appendix B
LITIGATION

Passage of P.L. 94-502 in 1976 and promulgation of regulations governing its application led to a substantial increase in litigation involving the VA educational program. The number of civil cases increased from six in 1975 to 41 in 1977 (Table 22).

Although 38 U.S.C. §211(a) states that

...the decisions of the Administrator on any question of law or fact under any law administered by the Veterans Administration providing benefits for veterans...shall be final and conclusive and no other official or any court of the United States shall have power or jurisdiction to review any such decision....

the Supreme Court held in Johnson v. Robison, 415 U.S. 361 (1974), that this section did not bar judicial review of constitutional challenges to provisions of benefits legislation. The Court stated that the section had two purposes: to insure that benefit claims would not burden the courts, and that application of VA benefit policy would be uniform. The Court held that barring judicial review of constitutional challenges could call into question the constitutionality of the statute. A majority of the cases filed since 1974 take direct or indirect note of this ruling.

To date, substantial resolution has been reached on three major issues litigated: nonassignability and the 85:15 and two-year rules.

Nonassignability

Prior to 1976, institutions often used powers of attorney to cash benefit checks made payable to their eligible veteran students, particularly for the Predischarge Education Program and overseas courses. An amendment of 38 U.S.C. §3101(a), effective December 1, 1976, ended this practice. Some institutions were unable to cash checks, either on hand or anticipated, for tuition obligations they claimed veterans

Table 22

VA Educational Litigation, 1955-77

Fiscal Year	Number of Cases		Total
	Civil	Criminal	
1955	74	15	89
1956	95	15	110
1957	46	3	49
1958	52	2	54
1959	29	8	37
1960	15	3	18
1961	40	2	42
1962	14	2	16
1963	9	0	9
1964	10	0	10
1965	3	0	3
1966	1	0	1
1967	1	1	2
1968	2	0	2
1969	0	0	0
1970	3	0	3
1971	4	0	4
1972	4	0	4
1973	3	0	3
1974	6	0	6
1975	6	0	6
1976	22	4	26
1977	41	0	41
<u>Summary</u>			
1955-59	296	43	339
1960-64	88	7	95
1965-69	7	1	8
1970-74	20	0	20
1975-77	69	4	73
1955-77	480	55	535

Source: VA Office of the General Counsel.

had incurred prior to the effective date. The University of Maryland, for example, claimed outstanding debts of nearly \$2 million.

In Los Angeles Community College v. Roudebush, No. CV 77-0097 (C.D. Cal., May 2, 1977), the court allowed the college to cash checks it was holding, using powers of attorney, and further provided it could cash all checks for courses which began prior to December 1, 1976 and were scheduled to conclude shortly thereafter at the end of the term. In a similar case, the court barred the VA from enforcing the section retroactively on the ground that this violated the Fifth Amendment.¹ A Washington State case was resolved by the court's determination that no checks could be cashed for training provided after June 30, 1977.²

In two other districts, however, courts held that the law clearly did have a retroactive effect and ruled in favor of the VA.³ All of these cases are now closed.

In Peace Officer Training Service College v. Roudebush, CA C-76-2782 CFP (N.D. Cal., Feb. 13, 1979), the court issued a preliminary injunction enjoining the VA from enforcing Section 3101(a) retroactively and ordering it to process enrollments for contracts entered into prior to December 1, 1976. The court also found that the prospective application of VA regulations was wholly consistent with the history and purpose of Section 3101(a).

In an action brought by the University of Maryland, the district judge determined that the court lacked jurisdiction over the university's original complaint but would entertain a claim for equitable relief under P.L. 95-202. On January 5, 1978, VA authorized the

university to cash the checks it was holding and requested dismissal for mootness, which was granted. Plaintiff is appealing the dismissal.⁴

In summary, the preponderant effect was to permit schools to cash checks for obligations incurred prior to the effective date of the statute, but to uphold application of the statute and regulations thereafter. P.L. 95-202 (1977) confirmed that the prohibition against powers of attorney enacted in previous law was intended to have retroactive effect. However, the law provided the Administrator authority to grant equitable relief to schools faced with undue hardship as a result of being precluded from negotiating checks on hand. Relief provisions, the elimination of the GI Bill Predischarge Education Program, and prohibitions against the use of powers of attorney combined to end litigation in this area.

85:15 and Two-Year Rules⁵

A checkered pattern emerged in lower courts on challenges to the constitutionality of these rules. Initially, temporary restraining orders against VA enforcement of one or both rules were denied in some instances and granted in others. Several cases were active in lower courts when the U.S. District Court for the District of South Dakota held in a case brought by the National College of Business that the rules were unconstitutional.⁶

At issue in the case was whether the Due Process Clause of the Fifth Amendment prohibited Congress from restricting the educational courses for which veterans' benefits are available without including identical course limitations in other federally-funded grant or benefit programs.

The District Court concluded that, since veterans' educational benefits approached "fundamental and personal rights," a more "elevated standard of review" was appropriate. It was found that the 85:15 and the two-year rule requirements were not precisely tailored to courses of little value and that some quality courses would be affected: hence, the restrictions were unconstitutional.

The government took an appeal from this decision directly to the United States Supreme Court, which summarily reversed the lower court's ruling in Cleland v. National College of Business, 435 U.S. 213 (March 20, 1978). The Supreme Court stated that legislative history demonstrated that the 85:15 and the two-year rule requirements were valid exercises of Congressional power to correct abuse:

It was not irrational for Congress to conclude that restricting benefits to established courses that have attracted a substantial number of students whose educations are not being subsidized would be useful in accomplishing this objective and "prevent charlatans from grabbing the veteran's education money." Both restrictions are based upon the rational assumption that if "the free market mechanism were allowed to operate," it would "weed out those institutions who could survive only by the heavy influx of Federal payments." (S.Rep. No. 94-1243.)

The otherwise reasonable restrictions are not made irrational by virtue of their absence from other federal education assistance programs. They were imposed in direct response to problems experienced in the administration of this country's GI bills....In any event, the Constitution does not require Congress to detect and correct abuses in the administration of all related programs before acting to combat those experienced in one (435 U.S. at 219-220).

The Court further ruled that the fact that Congress' judgment may deprive some veterans of the opportunity to take full advantage of their benefits was not sufficient basis for greater judicial oversight of that judgment:

The District Court's error was not its recognition of the importance of veterans' benefits but its failure to give appropriate deference to Congress' judgment as to how best to combat abuses that had arisen in the administration of those benefits. Legislative precision has never been constitutionally required in cases of this kind. (435 U.S. at 220).

This Supreme Court decision settled the matter and all cases involving the 85:15 question or the two year rule have been closed.

Institutional Liability

In November 1975, VA determined that "extensive increase in educational overpayments has made it necessary to reinforce existing statutory and regulatory requirements that schools promptly report to VA concerning course changes, interruptions and terminations."⁷ Accordingly, efforts were initiated to assess liability when school reports resulted in excessive payments to veterans and other eligible persons.⁸ In April 1977, pending study of its procedures and publication of new regulations in the Federal Register, VA announced a moratorium on processing school liability cases. At that time, nearly 47,000 cases involving school liability of over \$36.8 million were on hand. Adjudication divisions were instructed to continue to identify potential school liability cases during the moratorium for possible future action.

Colorado State and two community colleges challenged VA's right to assess school liability. At issue in *Colorado v. Veterans Administration*, 430 F. Supp. 551 (D. Col. 1977) were the following points:

1. The constitutionality of 38 U.S.C. 1785 (the school liability section).
2. Application of the Administrative Procedure Act to the adjudication of Section 1785 liability. Do the adjudication procedures of VA Regulation 14009 violate due process?
3. Is the 30-day limit for a school to report enrollment changes reasonable? Does this limit violate 38 U.S.C. 1782, which provides that no federal agency shall exercise supervision or control over any state educational agency or institution?

4. Does VA Regulation 14009(e) (waiver as to veteran will not relieve school of liability) violate 38 U.S.C. 3102), which provides that no certifying or disbursing officer shall be liable for overpayments waived for the recipient?

The Court ruled that 38 U.S.C. 1785 is constitutional, and that the 30-day limit for schools to report veteran course load changes was reasonable and did not violate 38 U.S.C. 1782. On May 13, 1977, the Court amended its original judgment and allowed the VA to assert liability for overpayments against schools even when they were waived for the veteran student. However, it also ruled that adjudications under Section 1785 must conform to the Administrative Procedure Act and any liability assessed without such conformity is invalid. The VA appealed the Administrative Procedure Act ruling and the state appealed the other issues.⁹ VA's appeal was based in part on the contention that, since the school could force the government to pursue collection via a trial de novo, the VA's school liability decisions were adjudications which the Act expressly exempts from its procedural requirements. The lower court had dismissed this argument because the VA had alternative collection mechanisms (specifically, administrative offsets of reporting fees due the institution) which avoided the need for a trial de novo. Subsequently, however, P.L. 95-202 (1977) ended the offset authority, thus strengthening the VA's appeal argument. The appeal was decided in VA's favor.¹⁰

In an attempt to improve due process, VA has issued new regulations for regional office hearings and appeals to the Central Office and subsequently lifted the moratorium on school liability processing.

Due Process

As with the 85:15 rule and two-year rule issues, different district courts have ruled for and against the government on the question of whether VA procedures for discontinuing educational benefits provide the requisite due process. In the Los Angeles Citrus College case, the court held that plaintiffs were entitled to a hearing before their benefits were terminated, even though an audit of the school showed extensive violations of statutory requirements. The court also ordered VA to give the veterans 30 days' notice before any suspension, reduction, or termination of their benefits.¹¹ In a similar case involving the Coleman American Companies in Washington, D.C., however, the government's motion for summary judgment was granted on November 3, 1978, and the case is now closed.¹²

Although appealing the Citrus College case, the Solicitor General declined to authorize an appeal from a Minnesota court ruling against the VA on similar procedural due process issues.¹³ The court had issued a preliminary injunction enjoining the VA from discontinuing benefits for unsatisfactory student progress without first giving the veteran notice and the right to an interview. In a later hearing, the court modified the original order to exempt benefit suspensions as opposed to terminations. This resulted in a narrow application of the pretermination hearing requirements mandated by the court.

Seat Time--Determining Full-Time Benefits

Effective October 26, 1976, VA issued regulations requiring that veterans must be enrolled for at least 12 credits in a course of study requiring at least 12 "standard classroom sessions"¹⁴ a week to qualify for full-time benefits. The VA contended these regulations

gave traditional meaning and effect to the term "semester hours" as contained in 38 U.S.C. 1788(a)(4) setting full-time measurement requirements for enrollment in an undergraduate course offered on a quarter- or semester-hour basis leading to a standard college degree.

In 1974, Wayne State University started a program consisting of one conventional four-hour course, one four-hour television course, and a two-weekend conference course. Veterans carrying 12 or more credit hours per quarter were considered full-time students by the university. VA considered the pursuit of such a program to be full-time only during that period when all three courses were being concurrently pursued. Wayne State and individual veterans sued to compel the VA to pay full-time benefits for the entire quarter.

Wayne State challenged the validity of the regulations, contending that Congress had defined full-time study in Section 1788(a)(4)¹⁵ and the Administrator had no authority to alter that decision. The VA argued that Section 211(a) barred judicial review of the issues presented and that sufficient authority existed for its regulations.

The district court found that Section 211(a) did not bar judicial review of an action challenging the Administrator's authority to promulgate regulations, that Section 1788(a)(4) neither explicitly nor implicitly imposed class session requirements, and that the Administrator had no authority to alter the Congressional definition of full-time study. Consequently, the judge declared the VA regulations void, barred their further enforcement, and directed the Administrator to pay full-time benefits to veterans enrolled in the program as long as it complied with the requirements of Section 1788(a)(4).¹⁶

In December 1978, the United States Court of Appeals for the Sixth Circuit agreed with the lower court that Section 211(a) did not

bar judicial review in this case, but reversed its finding that the Administrator had no authority to issue the regulations. The constitutional questions not resolved by the district court were remanded to it for determination.¹⁷

The appeals court held that the regulations were a rational and reasonable implementation of what is meant by a "semester hour" and were also a reasonable means to prevent abuses in the educational benefits program. The court observed that under 38 U.S.C. §1684, a prior version of Section 1788(a)(4), the regulations would be void since that version stated that any veteran who paid full-time tuition was entitled to full-time benefits. However, the present statute requires a veteran to enroll in at least 12 semester hours to be considered full-time, even if full tuition is charged for fewer hours. This distinction surfaced again in a closely related case in the state of Washington involving Evergreen State College.

In October 1977, Evergreen State College, Spokane Falls Community College, and five veterans filed suit to prevent (1) enforcement of VA's weekly class session requirement for full-time resident training, and (2) the reduction of benefits from the full-time resident rate to the independent study rate.¹⁸

On February 9, 1978, the U.S. District Court for the Western District of Washington issued a preliminary injunction ordering the VA to pay full-time benefits to veterans attending the plaintiff colleges, based solely on the schools' certification of full-time enrollment. Four additional schools and 56 veterans then joined the suit. Cross motions were filed requesting summary judgment. On February 6, 1979, the court granted, in part, plaintiffs' motion for summary judgment. While allowing that the regulations were valid, and the

Administrator had a right to promulgate them, the judge ruled that they did not apply to situations where full-time tuition is charged in accordance with §1788(a)(4)(A), in effect disagreeing with the appeals court in the Wayne State case. The government filed a motion for reconsideration referring the court to legislative history showing that the Congress intended that 12 semester hours be the minimum number for full-time in any case. On March 21, 1979, the court granted the government's motion, acknowledging Congressional intent to so limit full-time collegiate measurement. Nevertheless, the court found that due to Congressional interest in preserving academic freedom, had it intended to permit the VA to define semester hours in a manner which imposed standard class session requirements, it would have clearly expressed such intent in the statute. Finding no such intent under the terms of §1788(a)(4), the court found that it was instead intended that schools define full-time study. Hence the regulations were held valid but only as to courses outside the scope of the statute. The government has filed a notice of appeal.

In a third major case involving the VA's class session requirements, the U.S. District Court for the Northern District of Iowa, on August 17, 1978, held that no statutory authority existed for challenged class session regulations. Accordingly, it ordered the VA to pay full benefits to veterans enrolled in a nontraditional program at Kirkwood Community College.¹⁹ This decision, however, was based on the lower court ruling in the Wayne State case, and the government has filed an appeal citing the Sixth Circuit's reversal of such ruling.²⁰

In response to challenges such as these, the VA has notified Congress of the dispute concerning the measurement and amount of

benefits payable for nontraditional programs; has conducted a study of the need for seat time requirements; requested Congress to codify VA's long-standing policies in this area to avoid further misunderstanding between the agency and the education community; and is preparing regulations clarifying the definition of independent study, as well as other types of pursuit, and their measurement for benefit purposes.

The Finality of the Administrator's Authority

The finality of the Administrator's authority has been a bone of contention with institutions and sometimes with veterans. Critics point to Section 211(a) of Title 38 as evidence of an altogether too cosy relationship between the Congress and the VA. In their view, Congress, and particularly the House Veterans Affairs Committee, has built a wall around the VA protecting it from the same review and scrutiny to which other agencies are subjected. The statute states:

On and after October 17, 1949, except as provided in sections 775, 784 and as to matters arising under Chapter 37 of this title [sections and chapter referring to insurance claims and loans], the decisions of the Administrator on any question of law or fact under any law administered by the Veterans' Administration providing benefits for veterans and their dependents or survivors shall be final and conclusive and no other official or any court of the United States shall have power or jurisdiction to review any such decision by an action in the nature of mandamus or otherwise.

The critics' view, while correct in part, fails to examine the rationale behind Congressional intent. Part of the explanation for the waiver rests in Congressional perceptions of the VA. Congress has long assumed the veteran had little need of protection from, or outside review of, an agency created to insure him equitable and individual treatment. On this point, Central Office and House Veterans' Affairs Committee staff like to quote Justice Oliver Wendell Holmes, who held that while the relationship between the veteran and the VA might not be paternal,

it was at least avuncular.

Legally, the waiver rests on far more substantial justification than an unwillingness to clog the courts with individual and minor suits or charges of preferential treatment of the VA by Congress. A well-established judicial precedent, reaffirmed in a host of Supreme Court opinions, holds that no remedy at court need be provided for government gifts to individuals. Regardless of frequent arguments as to whether GI benefits are "earned entitlements" or "gifts," they are legally defined as gratuities given and withdrawable by the Congress under any constitutional condition it cares to impose. It is not possible to sue someone for not giving you a gift. The veteran has no vested right to these gratuities. (The exceptions in the statute refer to veterans' loans and insurance plans, which carry the rights and review elements of other contracts or purchase agreements.)

VA has long argued, as in recent suits detailed earlier in this appendix, that it is exempt from the Administrative procedure Act defining procedures, including judicial review, which federal agencies must observe. The act provides two significant exceptions. Regarding rulemaking procedures, Section 553 states:

This section applies...except to the extent that there is involved--

- (1) a military or foreign affairs function of the United States; or
- (2) a matter relating to agency management or personnel or to public property, loans, grants, benefits or contracts [our italics].

Regarding judicial review, Section 701(a) holds:

This chapter applies...except to the extent that--

- (1) Statutes preclude judicial reviews [our italics]; or
- (2) agency action is committed to agency discretion by law.

In effect, then, the act's provisions on judicial review apply where the statute is silent. Since VA administers benefits and Section 211(a) specifically precludes judicial review, the VA claims clear exemptions.

From the broad definition of exclusions for loans, grants, and benefits, it would seem that many other federal agencies such as HEW and Social Security might also be exempt. However, Congress has statutorily tied other agencies to the Administrative Procedures Act, but has steadfastly refused to bind the VA.

Congressional firmness on judicial review is indicated by the House Veterans Affairs Committee response to suits involving benefits for Philippine veterans in the late '60s. The Committee restated section 211(a), making it perfectly clear that the Congress intended to exclude from judicial review all determinations with respect to non-contractual benefits provided for veterans and their dependents and/or survivors.

In a 1970 House report, Veterans Affairs Committee Chairman Olin Teague explained:

The reason for the inclusion of section 8[restating the waiver from review] in this bill is because a recent court decision gave preferential treatment to a limited group of beneficiaries. If we are going to have a court review it must apply to all beneficiaries with equal force. This the court is unable to do under existing law and sought to do in piecemeal fashion and, in my opinion, erroneously....I am opposed to a windfall going to a particular class of beneficiaries or a particular group of lawyers who have interested themselves in the type of cases which are involved in this question and which are set forth in detail in this report....²¹

Despite the support of the House, there has been some erosion of the Administrator's final authority in recent years. In 1974 (Johnson v. Robinson, 415 U.S. 361), the Supreme Court held that section 211(a) was enacted to preclude review "only of those decisions of law or fact that arise in the administration by the Veterans Administration of a statute providing benefits for veterans." The effect of this case and others has been to hold that 211(a) does not bar judicial review of constitutional

challenges to the administrator's decision on generally applicable regulations; many such challenges were filed in the angry period following the 1976 law and regulations.

However, it is still not easy to take the VA to court. Claimants must reach a constitutional issue. A controversial but occasionally successful argument has been the claim that 211(a) precludes any other avenue of relief, and/or the contention that although the statute may not require a hearing, it must be offered under the due process provision of the Constitution.

VA points out that it has "voluntarily" accepted provisions of the Administrative Procedure Act. VA began in 1972 to abide by the act's publication and discussion requirements for regulations and has subsequently complied with other provisions.

In 1950, P.L. 81-610 authorized the Administrator to collect liability in cases of overpayment involving "willful or negligent" failure of institutions or establishments to report excess veteran absences, discontinuance, and interruption of a course, or false certification. The provision, a Teague Committee response to abuses of the 1944 G.I. Bill, was long ignored. Following reported institutional abuses in the early '70s, VA began vigorously to apply its authority in 1975. Suits claiming a failure to afford due process immediately followed. Noting that the statute provided for collection of such debts "in the same manner as all other debts owed the federal government," VA countered that the institutions had not been denied due process. When the government insisted on recovery of debts, the debtors could sue and, hence, receive judicial review. After being confronted by court challenges, VA declared a moratorium on overpayment claims. Rules and regulations for regional office review of all such claims, largely conforming to the

Administrative Procedures Act, have since been published in the Federal Register.

Board of Veterans' Appeals

The conciliatory move surprised some observers, given the VA's historical insistence that the veteran had always been afforded an avenue of review. In the early years of the first GI Bill, in response to institutional complaints about the process of setting "fair and equitable" tuition charges, Congress established the Board of Veterans' Appeals to hear all claims involving veterans benefits. According to Section 4001(a), Title 38, the Board (lodged in VA Central Office) is to be composed of not more than 52 members appointed by the Administrator with the approval of the President. Appellate review to the Board is a formal procedure allowing for counsel and the presentation of expert evidence. Claimants are, however, entitled to only one review and the Board's decision is final.

Critics portray the Board's authority as too limited, pointing to section 4004(c), Title 38, which provides that, "The Board shall be bound in its decisions by the regulations of the Veterans Administration, instructions of the Administrator, and the precedent opinions of the chief law officer." Recourse to judicial review, the option preempted by the Board, would brook no such limitations.

A former member of the Legislative Counsel's Office (the bill drafting arm of the House of Representatives) explains:

The right to judicial review would probably make no difference in the vast majority of run-of-the-mill claims. Suits are too expensive and the monetary amounts sought usually not large. However, judicial review would permit a group such as the American Legion or the Concerned Vietnam Veterans to support an individual claimant, overturn the Administrator and thus establish precedent affecting thousands of other veterans. The main problem with lack of judicial review in my opinion is that it can, and in the past did, encourage sloppy statute writing. A

statute that on its face has to mean whatever the administrator says it means is a clear invitation to imprecision, at the very least.

Whatever its merits, finality of decisions has been a crucial factor in the development of VA's image as an island fortress in a sea of federal accountability.

Recent Pressures

In May 1979, the Senate Veterans' Affairs Committee favorably reported S. 303, which would subject all Board of Veterans' Appeals decisions to judicial review and modify the present \$10 fee limit for attorneys representing veterans before the Board. The bill does not effectively address the VA waiver from the Administrative Procedure Act.

VA retains the protection of the House Veterans Affairs Committee; Teague's view of freedom to sue as "lawyer's benefits acts" still seems to prevail. One informant identified a stronger concern that sways members on this issue.

We are all sure that if the VA has to start looking at the veteran at arm's length; has to start to review each decision with an eye to building a record for judicial review, then the liberality of the administration of veterans benefits would stop. We have seen it happen in many other agencies. The Committee has never seen any point in veterans having to sue for what they are going to get from a friendly agency.

However, there are benefits and benefits. Rightly or wrongly, some observers believe that VA has been stricter on educational benefits to Vietnam veterans than on medical and other benefits which go mainly to older and more influential veterans of earlier wars. Hence, it is the litigation over educational benefits that is challenging and testing both the Administrator's authority and his avuncular disposition.

Footnotes

1. See Barstow Community College District v. The Veterans Administration, No. 77-1501-R (C.D. Cal., Sept. 15, 1977).

2. See Big Bend Community College v. Roudebush, No. 76-2203 (D. D.C., Jan. 17, 1977) and American Training Services, Inc. v. Veterans Administration, 434 F. Supp. 988 (D. N.J., 1977).

3. See United Systems, Inc. v. Roudebush, No. 76-2203 (D. D.C., Jan. 17, 1977) and American Training Services, Inc. v. Veterans Administration, 434 F. Supp. 988 (D. N.J., 1977).

4. See University of Maryland v. Cleland, No. CA M-77-1011 (D. Md., Jan. 25, 1978) appeal entered, No. 78-1211 (4th Cir., Apr. 7, 1978).

5. 85:15 requires the Administrator to disapprove an eligible person's enrollment in a course in which more than 85 percent of students had all or part of their tuition, fees or other charges paid to or for them by the institution, the VA, or grants from any federal agency. The Administrator was allowed waiver authority (38 U.S.C. §1673(d) as amended by §205(4) of P.L. 94-502). The two-year rule provides, with certain exceptions, that the Administrator shall not approve the enrollment of eligible veterans in a course offered for less than two years. The rule applies to courses at branches and extensions of proprietary schools located beyond normal commuting distance (38 U.S.C. 1789 as amended by § 509(b)(4) of P.L. 94-502).

6. See Francis v. Cleland, 433 F. Supp. 605 (D. S.D., 1977).

7. DVB Circular 20-75-111, November 14, 1975.

8. 38 U.S.C. 1785 provides that when an overpayment has been made as the result of (1) the willful or negligent failure of an educational institution to report, as required by law and applicable regulations, excessive absences, or discontinuance or interruption of a course by an eligible person or veteran; or (2) false certification by an educational institution, the amount of such overpayment shall constitute a liability to the institution and may be recovered in the same manner as any other debt due the United States.

9. See Colorado v. Veterans Administration, 430 F. Supp. 551 (D. Col., 1977), aff'd., consolidated Nos. 77-1746, 47-48, (10th Cir., July 11, 1979).

10. On July 11, 1979, the U.S. Court of Appeals for the Tenth Circuit affirmed the lower court's decision, with modification to the holding that VA procedures for determining school liability are subject to, and must conform with, the Administrative Procedure Act (APA). The appellate court found that the school liability statute does not require an agency hearing or a "hearing on the record." It further found that the APA specifically excepts matters which are subject to a subsequent trial de novo in a court, and that collection on a school liability claim would require just such a trial. Consequently, the court ruled that the APA procedures were not applicable to VA adjudications of school liability.

11. See Devine v. Miller, No. CV 76-0592-IH (C.D. Cal., Aug. 11, 1976); appeal entered, No. 77-1430 (9th Cir., Oct. 1976).

12. See Coleman American Companies, Inc. v. Administrator of Veterans Affairs, No. CA 76-2091 (D. D.C., 1978).

13. See Waterman v. Roudebush, No. 4-77-70 (D. Minn., Dec. 15, 1977).

14. Normally, a class session was defined as not less than one hour (or fifty-minute training period) of academic instruction, two hours of laboratory training, or three hours of workshop training.

15. 38 U.S.C. Section 1788(a)(4) defined full-time study as follows: "...an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis shall be considered a full-time course when a minimum of fourteen semester hours or the equivalent thereof (including such hours for which no credit is granted but which are required to be taken to correct an educational deficiency and which the educational institution considers to be quarter or semester hours for other administrative purposes), for which credit is granted toward a standard college degree, is required except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, are considered to be pursuing a full-time course, but in the event such minimum number of semester hours is less than twelve semester hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course."

16. See Wayne State University v. Cleland, 440 F. Supp. 811 (E.D. Mich., 1977).

17. See Wayne State University v. Cleland, 440 F. Supp. 811 (E.D. Mich., 1977), reversed and remanded, 590 F. 2d 627 (6th Cir., Dec. 21, 1978).

18. See Evergreen State College v. Cleland, 467 F. Supp. 508 (W.D. Wash., 1979), appeal filed, No. 79-4372 (9th Cir., May 4, 1979).

19. See Merged Area (Education) v. Cleland, No. C78-46 (N.D. Iowa, 1978), reversed and remanded, No. 78-1757 (8th Cir., Aug. 1, 1979).

20. In August 1979, the Eighth Circuit reversed the lower court and remanded the case for consideration of constitutional claims.

21. As quoted in de Rodulfa v. United States, 461 F.2d 1240 (1972).

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